S. Hrg. 118–299

OVERSIGHT OF THE GENERAL SERVICES ADMINISTRATION: EXAMINING THE FEDERAL REAL ESTATE PORTFOLIO

HEARING

BEFORE THE

COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS

UNITED STATES SENATE

ONE HUNDRED EIGHTEENTH CONGRESS

FIRST SESSION

SEPTEMBER 27, 2023

Printed for the use of the Committee on Environment and Public Works

Available via the World Wide Web: http://www.govinfo.gov

U.S. GOVERNMENT PUBLISHING OFFICE

55–737 PDF WASHINGTON : 2024

COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS

ONE HUNDRED EIGHTEENTH CONGRESS

FIRST SESSION

THOMAS R. CARPER, Delaware, *Chairman*
SHELLEY MOORE CAPITO, West Virginia, *Ranking Member*

BENJAMIN L. CARDIN, Maryland
BERNARD SANDERS, Vermont
SHELDON WHITEHOUSE, Rhode Island
JEFF MERKLEY, Oregon
EDWARD J. MARKEY, Massachusetts
DEBBIE STABENOW, Michigan
MARK KELLY, Arizona
ALEX PADILLA, California
JOHN FETTERMAN, Pennsylvania

KEVIN CRAMER, North Dakota
CYNTHIA M. LUMMIS, Wyoming
MARKWAYNE MULLIN, Oklahoma
PETE RICKETTS, Nebraska
JOHN BOOZMAN, Arkansas
ROGER WICKER, Mississippi
DAN SULLIVAN, Alaska
LINDSEY O. GRAHAM, South Carolina

COURTNEY TAYLOR, *Democratic Staff Director*
ADAM TOMLINSON, *Republican Staff Director*

C O N T E N T S

Page

SEPTEMBER 27, 2023

OPENING STATEMENTS

Carper, Hon. Thomas R., U.S. Senator from the State of Delaware 1
Capito, Hon. Shelley Moore, U.S. Senator from the State of West Virginia 3

WITNESSES

Albert, Nina, Commissioner, Public Buildings Service, U.S. General Services Administration 6
Prepared statement 8
Responses to additional questions from:
Senator Carper 14
Senator Markey 18
Response to an additional question from:
Senator Stabenow 20
Senator Kelly 23
Responses to additional questions from:
Senator Capito 24
Senator Ricketts 26
Senator Wicker 32
Senator Sullivan 34
Response to an additional question from Senator Graham 37
Marroni, David, Acting Director, Physical Infrastructure, U.S. Government Accountability Office 47
Prepared statement 49
Responses to additional questions from:
Senator Carper 77
Senator Markey 80
Senator Ricketts 83

OVERSIGHT OF THE GENERAL SERVICES ADMINISTRATION: EXAMINING THE FEDERAL REAL ESTATE PORTFOLIO

WEDNESDAY, SEPTEMBER 27, 2023

U.S. SENATE,
COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS,
Washington, DC.

The Committee met, pursuant to notice, at 10 a.m. in room 406, Dirksen Senate Office Building, Hon. Thomas R. Carper (Chairman of the Committee) presiding.

Present: Senators Carper, Capito, Cardin, Merkley, Markey, Ricketts, and Sullivan.

OPENING STATEMENT OF HON. THOMAS R. CARPER, U.S. SENATOR FROM THE STATE OF DELAWARE

Senator CARPER. Now, I am going to call this hearing to order.

We have disposed of our business. We did some good work on three bills. That is pretty good morning's work already.

I want to start by thanking both of our witnesses, one of whom looks very familiar.

I think I spent some time with you and a bunch of other people out at St. Elizabeths yesterday for a tour. It was very interesting; thanks for spending that time with us.

My thanks to Commissioner Nina Albert and David Marroni for agreeing to testify before our Committee this morning.

We are here today to examine the current use of Federal office space, affectionately known as the Federal Real Estate Footprint, and to identify opportunities for improving how we manage these assets on behalf of the American taxpayers.

The General Services Administration, GSA, manages more than 363 million square feet spaced across the country in 8,400 buildings. That is a lot. That is the equivalent of 240 U.S. Capitol Buildings. Think about that: The equivalent of 240 U.S. Capitol Buildings.

Unfortunately, a recent GAO report found an alarming amount of this space is currently underutilized. According to this report from GAO, Federal headquarters buildings, on average, have an occupancy rate of only 25 percent.

Low occupancy is not a new challenge, as some of you know. In fact, the management of Federal real property has been a challenge for decades. In 2023, the GAO placed the management of Federal buildings on their High Risk List, due in large part to underutilized space.

Tom Coburn and I were partners together on the Homeland Security Committee. We worked a lot with the GAO on their High Risk List year after year.

This to do list, as I like to call it, calls attention to Federal agencies and program areas that are high risk due to their vulnerabilities to fraud, to waste, to abuse, and mismanagement, or are most in need of transformation.

Our late colleague, Senator Tom Coburn from Oklahoma, was a great partner, as I said, in our bipartisan efforts on Homeland Security Committee to improve Federal property management practices. Every 2 years, at the beginning of a new Congress, GAO puts out their High Risk List, and I always think of Tom Coburn and renew my energy and interest in making sure that we get as much off that list undertaken and completed.

Now, it is 2023, and the management of Federal buildings remains on the High Risk List more than 20 years later. To make matters more complicated, the GAO is considering adding the maintenance backlog for Federal buildings to that list in 2025.

It is clear that underutilization remains a problem, especially as many Federal employees continue working remotely following the COVID-19 pandemic. Now, as President Biden calls on more Federal employees to return to the office, GSA must work with agencies to identify ways to consolidate, co-locate, and dispose of space to meet current and future needs.

After all, an average Federal building capacity of 25 percent is, to be a bit blunt about it, I think it is a waste of resources. It is not a sustainable or fiscally responsible way to manage our Federal real estate.

We know that GSA faces significant challenges when it comes to modernizing and right sizing our Federal buildings, but as I often say, in adversity lies opportunity. I will say it again this morning. In adversity lies opportunity. More than half of GSA managed leases are set to expire by 2027. This is an opportunity for the agency to truly right size our Federal office space after years of just talking about it.

We also know that it is possible to save the Federal Government and our taxpayers money, a lot of money, while tackling climate change at the same time. Last Congress, we provided GSA with robust funding through the Bipartisan Infrastructure Law and the Inflation Reduction Act to modernize and right size buildings in their portfolio. This includes making buildings more energy efficient and resilient to climate change, as well as promoting the use of low carbon construction materials. We look forward to hearing more on the implementation of these investments from our witnesses today.

With that in mind, yesterday I was able to join some of the folks in this room, some of the people sitting behind me, to again visit the Department of Homeland Security's St. Elizabeths campus. This is a project that I have been focused on since my time as Chairman of the Homeland Security and Governmental Affairs Committee.

The Department of Homeland Security began efforts to consolidate its headquarters in 2005. It has been a long, complicated process. Thanks to a $288 million investment from the Inflation Reduction Act, GSA has been able to finally relocate the headquarters of the U.S. Cybersecurity and Infrastructure Security Agency, known as CISA, as well as the Immigration and Customs Enforcement, to the St. Elizabeths campus, and that is no small feat.

According to GSA, these consolidation efforts are going to reduce the Department's real estate footprint by over 1.2 million square feet in the capital budget region, the equivalent of 21 football fields. That is 21 football fields. What is more, it is expected to save taxpayers some $1.3 billion, billion with a B, over the next 30 years.

As I said earlier today, today's hearing is an opportunity to think strategically about how we move forward together to support and encourage GSA's efforts to right size and modernize the Federal work force. It is going to take a collaborative effort on the part of GSA and each Federal agency to determine the amount of office space that the Government needs now and into the future, as work force policies continue to evolve.

With that, we look forward to hearing testimony of what efforts GSA is already taking to address the challenges of managing the Federal real estate portfolio, as well as what we can be doing to be better stewards of the Federal purse and taxpayer's money.

As I often say, everything that I do, I know I can do better. The same can be said here. We can do better. We need to do better.

Before we hear from our witnesses, I am happy to turn to our Ranking Member, Senator Capito, for her opening remarks.

Senator Capito, thanks for your strong interest, ongoing interest in this topic and for your encouragement for us to hold today's hearing. You are recognized.

OPENING STATEMENT OF HON. SHELLEY MOORE CAPITO, U.S. SENATOR FROM THE STATE OF WEST VIRGINIA

Senator CAPITO. Thank you, Mr. Chairman, and thanks, welcome to our witnesses. I want to thank you for calling this hearing. It is something that I am very interested in.

Even before the increased telework policies that followed COVID-19, there was a need to reduce the Federal real estate portfolio. This expansion of remote work has led to a renewed focus on modernizing that portfolio as communities across the country watch our Federal buildings continue to sit empty.

This summer, Mr. Marroni, who is one of our witnesses, shared preliminary results from GAO's work on the space utilization of Federal buildings before a House Committee. As we will discuss today, GAO found that, these numbers are stunning, in my opinion, that 17 of the 24 Federal agency headquarters that they reviewed, this is in the Washington, DC, area, used an estimated average of 25 percent or less of their respective building's capacity.

GAO found that GSA was only utilizing an estimated 11 percent of the space in their headquarters building. I know that GSA has taken actions to improve their space utilization, but clearly, more work needs to be done. GAO also found that a particular Federal agency, if all assigned staff entered the building on the same day, would then still only be using 67 percent of the building's capacity based on usable square feet.

Each year, it costs billions of taxpayer dollars to operate and maintain these Federal buildings, regardless of their utilization. Well, this is simply unacceptable.

I was encouraged to see the Biden administration call on Federal agencies to increase the amount of in person work following the release of this result. Although, anecdotally, however, the Nuclear Regulatory Commission is being jammed by its employees' labor union into consideration of policies that would actually further reduce time spent in the office, literally 2 days every 2 weeks. A day constitutes 4 hours. Crazy.

My concerns with the Federal real estate portfolio remain and grow as more time passes and resources continue to be wasted to heat, cool, and maintain underutilized buildings. The Committee has done a lot of legislative work to support policies that will reduce emissions.

I would be interested to know the emissions associated with heating and cooling these buildings that are unoccupied. It is clear that Federal agencies have too much space, and significant changes need to be made to our Federal real estate portfolio to prevent unnecessary costs.

Approximately half of all active leases in the Public Building Service's leased inventory are expiring in the next 5 years. This provides us a unique opportunity to course correct and right size the portfolio. GSA will play a very important role in this modernization effort, and other agencies will play an equally important role.

In order for GSA to make appropriate investments in existing buildings and evaluate lease options, Federal agencies must identify their current and future space needs. Providing these agencies with better benchmarks regarding space and an understanding of what full utilization is would help with these efforts.

The process for disposing of or consolidating Federal buildings can be lengthy. Congress passed legislation to try to address this issue. Unfortunately, this legislation has yet to produce the intended results.

The Committee is willing and really eager to work collaboratively with GSA and other Federal agencies to ensure that they have modern workspaces they need to carry out their missions, while generating significant savings for our taxpayers.

However, this needs to be a partnership, and greater communication between all parties is critical to achieving success in this matter. I appreciate the monthly calls that are occurring now between GSA staff and staff on the committees of jurisdiction. I feel this is a step in the right direction.

However, I do believe that GSA needs to be more forthright and responsive to this Committee. I understand there has been, at times, a lack of transparency from GSA on routine oversight questions.

Last Congress, and the Chairman mentioned this, the Inflation Reduction Act, which I did not support, provided GSA with $3.4 billion. As GSA requests more funding, it is important to understand how the agency is using these existing resources.

I was disappointed to hear that GSA did not provide my staff with an update on their efforts to develop low embodied carbon material standards when it was requested. Despite the known interest from this Committee, GSA released their interim requirements several weeks later with very little advance notice to my staff, even though we had expressed interest in this.

GSA's lack of transparency and responsiveness underscores the ongoing need for improved communication. I understand that GSA has put forward legislative changes to the agency's authority that may help modernize the Federal real estate portfolio as part of their fiscal year 2024 budget request.

If GSA would like this Committee to give full consideration to their legislative proposals, including one that provides them with more authority, they need to be more responsive to this Committee.

I look forward to a productive discussion on how we can work together to modernize the Federal real estate portfolio.

Thank you both for being here.

Senator CARPER. Senator Capito, thanks, not just for those words, but also thank you for your focus on these issues and trying to make sure we use some common sense and save some money.

To our witnesses, you don't see a lot of members sitting out here. We are looking at the end of the fiscal year in just a couple of days, and there is a threat of a Government shutdown. A bunch of committees that are having hearings today are trying to make sure that we don't have a shutdown, but also trying to make sure that whatever we can get done, and should that actually happen, that we are ready for it.

I am being called to come and vote in one of my other committees, the Homeland Security Committee, that I used to chair. They need me there now to have a quorum, I think. I will be back shortly. Senator Capito is going to preside in the meantime.

Let me just say, today we are going to hear from Hon. Nina Albert, Commissioner of Public Buildings Service at GSA. In her role as Commissioner, Ms. Albert oversees the management of more than 363 million square feet of space and 8,397 buildings, almost 8,400 buildings, nationwide.

Commissioner Albert, we thank you for joining us today. Thanks for your service. How long did you serve the people of this country?

Ms. ALBERT. Well, I was in the military.

Senator CARPER. Yes, what did you do in the military?

Ms. ALBERT. I was a Signal Corps officer.

Senator CARPER. In the?

Ms. ALBERT. In the 141 signal battalion in Germany.

Senator CARPER. In Germany. Army?

Ms. ALBERT. I was Army, yes.

Senator CARPER. Navy salutes Army.

Ms. ALBERT. Thank you. I am going to record that.

[Laughter.]

Senator CARPER. There you go. Different uniform, same team, I like to say.

Ms. ALBERT. Exactly.

Senator CARPER. We thank you for joining us. Thank you for all your service. You are recognized for 5 minutes, and then the baton will be passed to your sidekick there, OK?

Thank you, Senator Capito.

Thank you very much. I will be back.

STATEMENT OF NINA ALBERT, COMMISSIONER, PUBLIC BUILDINGS SERVICE, U.S. GENERAL SERVICES ADMINISTRATION

Ms. ALBERT. Thank you so much.

Good morning, Chairman Carper, Ranking Member Capito, and distinguished members of the Committee. My name is Nina Albert, and I am the Commissioner of the Public Buildings Service at the General Services Administration.

I appreciate the Committee's invitation to discuss this opportunity on how to achieve long term cost savings by optimizing the Federal real estate footprint to best align building utilization with mission delivery. I am glad to be here today and share how GSA is helping Federal agencies address their space needs and how right sizing the Federal footprint can be accelerated if GSA gains full access to annual collections that are deposited into the Federal Buildings Fund.

Many agencies realize that they can adapt their workplaces to more effectively and cost efficiently carry out their missions. Post-pandemic, agencies are gaining additional insights about the needs of their work force, different and better approaches to achieving their mission, as well as approaches to the workplace.

GSA is leveraging its experience and expertise to help agencies deliver a better workplace experience for their employees, as well as right size their space to best deliver agency missions. Congressional support for GSA's fiscal year 2024 budget request, including legislative reforms and the agency's $2.3 billion request for capital program investments, is critical to help address these concerns.

Since 2011, the practice of diverting roughly $1 billion annually from the Federal Buildings Fund to other agencies has increased costs to GSA and inhibited sound portfolio management practices. Delays in funding necessary repairs exacerbate the deterioration of building conditions.

We have seen minor issues grow into more costly repairs and replacements. It is also delaying consolidation plans, forcing the Government to carry space that is underutilized while we wait for funding to complete work, allowing for tenant relocations.

My written testimony goes into greater detail on this, but one example I want to share with you today is that since 2014, GSA estimates that as many as 120 consolidation opportunities representing hundreds of millions in annual savings have been missed due to lack of available funding.

All of these things increase cost to the Federal Government, especially when we are forced to make emergency repairs or delay space consolidations. In the most extreme cases, these delays have led to costly temporary relocations until the repairs were able to be completed.

In addition to our funding request for projects in fiscal year 2024, this year's budget request also includes a number of legislative proposals. The first is a proposal to facilitate GSA's full access to the annual revenues and collections that are deposited into the Federal Buildings Fund, while preserving Congress's role in choosing which projects to authorize and fund.

GSA is also proposing an increase to its prospectus threshold from the current $3.4 million to $10 million, which we conservatively estimate will yield more than $50 million in annual cost avoidance.

Finally, our budget request includes a third legislative proposal to facilitate our ability to assist other agencies in identifying and preparing real property for disposition. This will allow GSA to help agencies right size their portfolios by providing the resources necessary to assess, prepare, and accelerate the disposition of underutilized properties.

These three proposals work to reduce timelines for project delivery, invest in federally owned properties, to improve building utilization and performance, and reduce timelines for disposition. The results will be a reduction on the reliance on privately owned or leased space, ultimately helping GSA to deliver the best value in real estate to our partners across Government and to taxpayers. The opportunity before us is to transform the Federal real estate portfolio into a high performing and more efficient portfolio than today's inventory.

I like to say that we want better buildings, but fewer buildings. With approximately half of our value in the lease portfolio expiring over the next 5 years, it is now the opportunity to have these conversations and provide solutions, but we can only maximize those opportunities if we are able to make the necessary investments in our own portfolio.

I would like to thank this Committee again for its willingness to address these issues and for being a critical partner as we work to modernize and right size Federal facilities. Thank you for the opportunity to testify before you today, and I look forward to answering any questions the Committee may have.

Thank you.

[The prepared statement of Ms. Albert follows:]

Written Statement of Nina Albert, Commissioner of the Public Buildings Service Before the Senate Committee on Environment and Public Works
"Oversight of the General Services Administration: Examining the Federal Real Estate Portfolio"
Wednesday, September 27, 2023
10:00 AM EDT
Dirksen Senate Office Building Room 406

Good morning Chairman Carper, Ranking Member Capito, and distinguished Members of the Committee. My name is Nina Albert, and I am the Commissioner of the Public Buildings Service at the U.S. General Services Administration (GSA). I appreciate the Committee's invitation to discuss opportunities to achieve long-term cost savings by right-sizing the Federal real estate footprint and by improving our real estate assets to align building utilization with mission delivery.

Today, I am happy to share how GSA is evaluating and helping other Federal agencies address their space needs, and how strategies to right-size the Federal footprint can be accelerated if GSA gains full access to annual collections that are deposited into the Federal Buildings Fund and additional flexibility to maintain and dispose of real estate.

The last few years have highlighted the need for operational resilience and GSA's ability to work with customer agencies to support their many different mission needs and types of work. Many agencies have increasingly realized that they can adapt their workplaces to more effectively and cost-efficiently carry out their missions. As the Government's largest civilian real estate provider, GSA plays a key role in helping agencies redefine their space requirements and in facilitating the Federal Government's transition to a more optimal real estate footprint.

Since 2021, as directed by Office of Management and Budget memos M-21-25 and M-23-15, agencies have been evaluating how work environments can be structured to enhance mission delivery while strengthening their organizations for the future—including evaluating the impacts of telework and other operational policies on agencies' performance of their missions. Agencies are gaining additional insights about their human capital as well as approaches to the workplace and future space requirements. Parallel to agency efforts, GSA is now taking steps to leverage its expertise and experience to help agencies optimize their real estate footprints. Congressional support for GSA's full fiscal year (FY) 2024 budget request—including legislative reforms and the agency's $2.3 billion request for capital program investments—is critical to help address these concerns.

Since 2011, the Congressional practice of annually diverting roughly $980 million away from GSA investments in federal buildings to fund activities at other agencies has cost more money than it has saved for GSA. The resulting delays in funding necessary repairs in GSA facilities exacerbate the deterioration of building conditions, and we have seen minor issues grow into more costly repairs or replacements. When this happens, there is the potential for system failures that result in cascading impacts to occupant agency missions. It also can delay consolidation plans, forcing the Government to carry space that is being underutilized while we wait to relocate tenants. All of these things increase costs to the Federal Government, especially when we are forced to make more costly emergency repairs or delay consolidations. In the most extreme cases, these delays have led to forced temporary relocations until the repairs were able to be completed.

Indeed, one of GSA's programs devoted specifically to driving forward consolidations has received only 40% of requested funding over the past 10 years; this is in spite of the program's proven record of success, releasing over two million square feet of space resulting in an average payback period of GSA's investments of less than two years. Using the resources made available, GSA has successfully been able to avoid $168 million in annual private sector lease payments. However, extrapolating based on our performance metrics and successes with the funding we have received, we estimate that had GSA been appropriated the amounts requested, GSA could have potentially undertaken approximately 120 additional consolidation projects.

Delays in building repairs due to lack of adequate funding also increase costs and impede consolidation efforts. For example, in FY 2023, 8 of the 17 Major Repairs and Alterations line item projects that GSA requested in the President's Budget were resubmissions from a prior year's budget request that went unfunded. The collective total cost for those eight projects was $122 million above the amounts needed when originally submitted in prior fiscal years. In FY 2024, 13 out of 17 Major Repairs and Alterations projects proposed are resubmittals; collectively, the total costs for these projects is now $300 million higher than the aggregate projects cost when submitted in prior fiscal years. Many of these projects would also have facilitated agency consolidations.

GSA's proposed FY 2024 projects include essential infrastructure work and necessary alterations—not only to improve building operability, but also to improve agency utilization and mission achievement. Support for GSA's full FY 2024 budget request—including the $2.3 billion requested for capital program investments and the

$50 million requested to support the Consolidation Activities Special Emphasis Program—will enable GSA to help address many of the long-standing concerns raised by this Committee. In addition to funding requests for building operations, maintenance, and alterations, GSA's FY 2024 budget request includes a proposal to ensure that GSA is provided full access to the annual revenues and collections that are deposited into the Federal Buildings Fund. GSA is also proposing an increase to the prospectus threshold from $3.613 million to $10 million. Taken together, these proposals work to reduce timelines for project delivery, support improved building utilization rates, and provide better services to Federal agencies and the communities they serve. Collectively, these proposals will allow GSA to invest in Federally-owned properties and optimize their configuration and performance to reduce the reliance on privately-owned space, ultimately helping GSA to deliver the best value in real estate to our partners across government.

It is critical that GSA receive full access to the Federal Buildings Fund in order to reinvest in the Federally-owned portfolio. There are significant opportunities across the GSA portfolio where consistent and adequate funding can be used to drive real estate savings, and is expected to reduce costs many times over the level of increased investment. For example, in FY 2024, GSA expects to collect approximately $10.7 billion in agency rental payments and other revenues that will be deposited into the Federal Buildings Fund. Of that, approximately $5.7 billion (or just over half) will be passed through as rental payments to private sector lessors. With full access to its annual collections, GSA could properly invest in Federally-owned properties and initiate a successful transition to improved utilization.

In order to reduce the timeline for project delivery and provide better value to Federal agency customers, GSA is also proposing an increase to the statutory prospectus threshold from $3.613 million to $10 million. The higher threshold will allow GSA to more quickly tackle many routine repair projects that exceed our current threshold by a limited amount. This proposal will also help to reduce repair costs and prevent smaller repair projects from growing into larger, more expensive replacements. And the higher threshold will allow Congress to remain engaged on the most costly and complex transactions. As noted in the FY 2024 budget request, GSA conservatively estimates that increasing the prospectus threshold will yield over $50 million in annual rent cost avoidance.

As GSA works to optimize and consolidate its portfolio, there will be some properties that are no longer needed in the Federal inventory and which should be disposed of. To help accelerate the disposition of underutilized real estate, GSA's FY 2024 budget request includes a legislative proposal to expand allowable uses of the Expenses, Disposal of Surplus Real and Related Personal Property appropriation, permanently authorized by statute. The expanded authority will allow GSA to better assist agencies in identifying and preparing real property for disposition prior to the agency declaring a property excess. This will allow GSA to help agencies right-size their portfolios by providing the resources and support necessary to assess, prepare, and accelerate underutilized property for disposition using the Disposal Fund rather than agency base resources with repayment of Disposal Fund costs through disposal proceeds.

GSA has a long track record of optimizing Federal space utilization. One example involves our own space, where GSA successfully executed two separate consolidations of the Federal Acquisition Service and National Capital Region offices from numerous locations across the Washington, DC, area into our headquarters facility at 1800 F Street. These moves have yielded significant operational benefits to the agency, and they have also resulted in a 350,000 square foot reduction in the amount of space we occupy—reducing energy consumption by 50% below our previous baseline by releasing space, and saving $24 million in private sector rent payments annually. These consolidations were catalyzed in part by funding that GSA received in the American Recovery and Reinvestment Act.

GSA and our Federal customer agencies are aligned around the opportunity to right-size the Federal real estate portfolio. The opportunity is to transform into one that is high-performing, more efficient, and physically smaller than today's inventory. The opportunity has never been better. Portfolio-wide, GSA has helped to reduce the footprint of tenant agencies housed in office buildings in GSA's custody and control by disposing of almost 12 million owned square feet and reducing 14 million square feet of leased space since 2013. With approximately half of the value of our leased portfolio expiring within the next five years, we can seize this opportunity—but only if we are able to make the necessary investments in our owned portfolio.

I would like to thank this Committee again for its willingness to address these issues and for being a critical partner as we work to modernize and right-size Federal facilities. Thank you for the opportunity to testify before you today, and I look forward to answering any questions the Committee may have at this time.

Senate Committee on Environment and Public Works
Hearing Entitled *"Oversight of the General Services Administration: Examining the Federal Real Estate Portfolio"*
September 27, 2023
Questions for the Record for The Honorable Nina Albert

Chairman Carper:

1. What is the General Services Administration's (GSA) Workplace Innovation Lab, and what is its potential for helping address agencies' excess space problems?

    a. How many tenant agencies have utilized the Workplace Innovation Lab?

    Since opening the Workplace Innovation Lab (WIL) at GSA's headquarters at 1800 F Street, Washington, DC in January 2023, over 7,000 Federal employees have toured WIL, representing over 100 agencies and bureaus. In Q3, WIL added two new concierges to manage the increased demand for the coworking space. WIL held over 25 offsite agency meetings, including town halls, leadership meetings, and forums, and a tour of the lab with the Federal Executive Board. The lab has seen a 22% increase in desk reservations since July 2023.

    The WIL is a product of Workplace 2030—an initiative that forecasts work scenarios in which federal employees enjoy greater mobility and effectiveness through technology. It functions as a proving ground where federal agencies can test out innovations in workplace furnishings and technology solutions. Guests can experience alternate ways of working that may not have been possible just two years ago. Federal agencies may occupy the 25,000 gross square foot space for periods ranging from a single hour to weeks.

    Federal users can select workspaces and collaborative areas within six distinct neighborhoods within the WIL. GSA is operating the lab as a pilot federal coworking prototype concept. GSA is not charging our federal customers for use of the lab at this time, so that federal employees and contractors may access the space on an as-needed basis with minimal administrative effort.

    Overall, the WIL has a 4.3 out of 5 customer experience rating, with 85% of users possibly returning in the future. In hosting large groups and offsites with federal agencies, GSA has showcased the technology and solutions available as well as continued conversations with our customers on their anticipated space needs.

2. How is the GSA working with the Office of Management and Budget (OMB) to collect data on space utilization rates?

GSA leverages agency space standards and National Customer Portfolio Workspace plans to develop space requirements that support a more efficient and cost-effective use of space.

GSA is an active partner in the Federal Real Property Council, chaired by OMB and a related Space Utilization working group, in which we present GSA's existing occupancy technology investments, pilot solution findings and outcomes, space planning right sizing strategies, and use cases for occupancy and space utilization data. In addition, GSA leverages agency space standards and National Customer Portfolio Workspace plans to develop space requirements that support a more efficient and cost effective use of space and work designs that account for flexibility.

a. Is this data collection reliable?

   For real property under the custody and GSA space, ccupancy data is managed by individual federal agencies that occupy federally owned and leased spaces. he GSA receives headcount data from federal agencies when occupancy agreements are initiated and reviewed as well as annual Federal Real Property Profile (FRPP) updates.

b. How can the GSA and the OMB work together to improve the reliability of space utilization data?

   GSA is collaborating with OMB and the Federal Real Property Council (FRPC) to develop a methodology to support utilization planning that includes a mobility factor, based on an agency's level of telework.

   Additionally, OMB has been tasked with developing space utilization standardization metrics in response to the recent GAO report on federal occupancy. GSA has assisted OMB in developing these standards as part of a FRPC work group charged with re-establishing utilization standards.

   GSA is in a position to continue working with customer agencies to establish comprehensive workplace strategies and portfolio solutions to better achieve their target occupancy levels and provide more efficiently occupied spaces.

3. Pursuant to the Kigali Amendment to the Montreal Protocol and the AIM Act, the United States is phasing down the production and use of hydrofluorocarbon (HFC) refrigerants, which are potent global warming pollutants. The federal government, and in particular, the GSA, has an opportunity to lead the nation to maximize the climate benefits of this transition through lifecycle refrigerant management by: (a) minimizing the release of HFCs from refrigeration and cooling equipment through leaks or deliberate venting during servicing; (b) maximizing the capture, and reclamation and reuse or proper disposal of HFCs from equipment; and (c) maximizing the use of alternatives to HFCs and reclaimed, rather than virgin, HFC refrigerants in the design, acquisition,

maintenance and recharging of heating and cooling equipment across the federal building portfolio.

I appreciate the GSA's support for responsible refrigerant management, and specifically your leadership in the reuse of refrigerants, as you noted during the hearing. In your response to the following questions, please detail the actions the GSA is taking to ensure that it is leading the way on lifecycle refrigerant management for refrigerants, and building systems and equipment containing refrigerants, that are procured and used in federal buildings and equipment.

a. In the federal building design process, does the GSA either require or preference the use of heating and cooling systems that use alternatives to HFCs or reclaimed HFC refrigerants? If so, please specify the requirement or preference provided. If not, does the GSA plan to do this going forward, and on what timeframe?

   GSA's "P100" Facilities Standards for the Public Buildings Service requires compliance with U.S. Environmental Protection Agency's (EPA) Significant New Alternative Policy (SNAP) Program rules. In addition, GSA is focused on preparing to comply with the Technology Transitions rule, finalized in October 2023 under the American Innovation and Manufacturing (AIM) Act. This rule establishes GWP limits for a number of applications using HFCs, including air conditioning and certain foams used in buildings. The first of these restrictions begin in calendar year 2025.

b. Has the GSA reviewed its current building design projects and in-place service contracts to identify projects and contracts where the GSA could include specifications to use alternatives to HFCs or reclaimed HFC refrigerants (including equipment and systems containing such alternatives or reclaimed HFC refrigerants)? If not, does the GSA plan to do so, and by when?

   In both building design and operations, GSA is focused on following EPA's recently finalized GWP restrictions on use of HFCs in the refrigeration, foam, and aerosols under the AIM Act. In addition, GSA continues to follow the SNAP rules for refrigerants and the deployment and use of lower Global Warming Potential HFCs in HVAC equipment.

c. For servicing existing equipment that uses HFC refrigerants, does the GSA require the use of reclaimed, rather than virgin, HFCs? If not, does the GSA plan to adopt such a requirement, and by when? And if not, would you please explain why not?

   GSA's National O&M Specification requires GSA's contractors to comply with the Clean Air Act (CAA) and associated EPA refrigerant management regulations. GSA's contractors are required to comply with refrigerant regulations for the purchase, service, repair, and disposal of refrigerants and refrigerant-containing equipment. GSA's contractors and subcontractors (HVAC technicians) may use reclaimed refrigerant in the systems they service. GSA requires contractors to give preference to refrigerant reclamation by EPA-certified refrigerant reclaimers, when disposing of refrigerants.

4. In 2021, the Biden Administration announced a series of actions to reduce climate impacts from HFCs. One of these actions included a GSA review of "Best in Class" contracts to ensure that "the Federal Acquisition Regulation clauses that support the use of HFC alternatives and reclaimed HFCs have been correctly incorporated into all relevant contracts." Please describe the status of this review and any lessons learned from this effort.

   GSA completed its review and verified that the contract clauses are correctly incorporated in GSA's Best in Class contracts.

5. How has the GSA leveraged the Green Proving Ground pilot program to inform its future action on the incorporation of next generation refrigerant technology in new construction projects, as well as in building upgrades and retrofits? Please identify any next generation refrigerant technologies that the GSA has tested through this program, as well as the specific projects in which the GSA has used those technologies.

   The Green Proving Ground (GPG) program is evaluating a CO2 based Heat Pump technology provided by Dalrada at two GSA facilities (Seattle, WA and Beaumont, TX). The evaluation will help determine deployment potential for CO2 based heat pump technologies across the GSA portfolio in scenarios that involve supplemental heating and cooling to existing heat recovery chillers, and simultaneous heating and cooling (dehumidification) during the cooling season. Interim results should be available by December 2024.

   The FY2024 GPG Request for Information (RFI) is seeking to evaluate technologies that support refrigerant leak prevention, and technologies that utilize refrigerants with no or low global warming potential.

6. What policies and practices does the GSA have in place to ensure the proper capture and reclamation or disposal of HFC refrigerants during equipment servicing? Does the GSA track the quantities of refrigerant that are captured from equipment in federal buildings at the end of equipment life?

   During equipment servicing, GSA's National O&M Specification requires GSA's contractors to comply with the Clean Air Act (CAA) and associated EPA refrigerant management regulations (including refrigerant recovery and reclamation). At the end of equipment life, individual GSA Project Managers are responsible for ensuring equipment disposal and associated HFC refrigerant disposal/reclamation requirements are met by GSA's contractors. GSA does not have a centralized data tracking mechanism to capture quantities of refrigerant recovered from each piece of equipment disposed of by contractors.

7. What policies and training programs does the GSA have in place to provide training and information to government procurement officers and contracted service technicians on

proper refrigerant management, including training on monitoring equipment for leaks and on capturing rather than venting refrigerant removed from equipment?

GSA's contracted HVAC service technicians are required to be EPA Certified Technicians (under Section 608 of the Clean Air Act and associated EPA regulations) to service HVAC equipment. EPA Certified Technicians are trained to comply with all aspects of refrigerant management regulations, including leak repair and venting prohibition.

8. Given the very significant climate impacts of HFC and older refrigerants, would the GSA commit to updating its Sustainable Facilities (SF)Tool to better highlight and delineate the opportunities for improved refrigerant management?

   GSA's Office of Government-wide Policy (OGP) will continue to update, highlight and delineate opportunities for improved refrigerant management on SFTool.gov. The recently added Building Decarbonization module covers the topic, including "Strategies to reduce the impact of refrigerants."

Senator Markey:

1. On July 27th, the Biden-Harris Administration announced a new interagency working group to develop and advance federal funding opportunities that support the conversion of commercial properties to housing. As part of this initiative, the General Services Administration (GSA) will launch an effort to identify and market surplus federal properties that represent the best opportunities for commercial-to-residential conversions. How will this process differ from the current Title V process to transition federal surplus property to assist homeless populations? What types of affordable housing units will be available under this initiative?

   This process will augment the disposition process that occurs after the exclusive window for Title V application has closed. GSA is broadening its outreach to other parties to make them aware of the availability of the property for potential acquisition and redevelopment as housing as one of its end uses. The new owner of the surplus Federal property, should it go through disposition, in coordination with the local entitlement authority, will determine what if any housing will be built and what its level of affordability will be.

   a. Since this announcement, what has the working group done to convene affordable housing and homeownership advocates, developers, municipalities, and other stakeholders to learn about opportunities and challenges? What has been learned thus far and how is GSA following up on the feedback shared?

      The Domestic Policy Council and National Economic Council has been coordinating interagency meetings. It has also done outreach to stakeholders. As the agency responsible for managing the disposition process when there is surplus federal real property, GSA has committed to taking actions that could increase awareness of the availability of surplus property as well as its potential use for housing.

b. What challenges are anticipated in converting surplus federal property into residential units? How can Congress assist with overcoming said challenges?

In general, there is nothing inherent to federal property that differentiates it from non-federal property when it comes to the conversion into residential units. However, as a practical matter, many of the properties being excessed by federal agencies are in rural or remote areas that may lack the necessary infrastructure to fully support residential use. In some instances, federal office buildings may be configured in ways that can make conversion to residential use prohibitively expensive. For example, these properties may have unsuitable floor plate size, distance to light penetration, availability of parking, etc.

2. The GSA has undertaken efforts to green federal property. Have such efforts included GSA consideration of covering all outdoor federal parking lots with solar panels for shade and energy production? If yes, what challenges lie in implementation and scaling?

In 2017, GSA's "P100" Facilities Standards for the Public Buildings Service started requiring GSA projects to be designed to be net zero energy ready. This means that design teams must consider all possible locations for the future installation of renewable energy systems, including parking lots. As the budget allows, or through third party financing such as energy savings performance contracts (ESPCs), renewables are installed on the project in the most advantageous location. Full access to the annual revenue of the Federal Buildings Fund would potentially allow for larger inclusion of solar panels in future projects.

a. Similarly, what efforts, if any, has GSA made to make composting available in all federal buildings with cafeterias? What challenges lie in actualizing and scaling?

Section 1.9.2.2 of the P100 requires a solid waste management plan. This requires design teams to explore waste options in the project location and design solutions as appropriate to include recycling, composting, and solid waste.

GSA's cafeteria contracts require contractors to participate in composting programs where available. Potential challenges include the availability of state or local municipality composting programs, associated costs, and stakeholder buy-in.

b. What efforts, if any, has the GSA made to design or retrofit buildings with greywater plumbing?

Under Section 438 of the Energy and Independence and Security Act, EPA's water sense program, and water net zero performance tiers in Section 1.9.1 of the P100, GSA has several projects that have utilized greywater systems. The greywater plumbing is considered during GSA's design process for all projects, but may not always be incorporated due to the cost of these systems.

c. Has GSA considered operating federal buildings as collection centers for battery recycling to ensure recovery of critical minerals? If not, what partnerships would prove most helpful in realizing this?

GSA's policy is to promote recycling of batteries generated by tenant agencies and contractors and to prohibit the disposal of regulated batteries in the trash in accordance with the Resource Conservation and Recovery Act (RCRA) and associated state laws. These requirements are specified in GSA's Regulated Waste Management Policy, National Custodial Specification, and National O&M Specification. GSA has considered operating federal buildings as collection centers for battery recycling, but has not implemented due to the associated potential safety risks (e.g., battery fire hazards) and additional building operating costs to maintain collection centers.

3. In order to increase occupancy, what would GSA need from Congress to provide remaining tenants from an under-utilized building incentives to move into a multi-tenant/agency, high-occupancy building?

In order to optimize space and maintain our portfolio, GSA must have full annual access to the revenues and collections into the Federal Buildings Fund (FBF). The FBF was created to allow GSA to maintain buildings, fund consolidation projects to improve overall portfolio utilization, and carry out major capital projects using agency rental payments as the funding source. Supporting GSA's annual budget request and the budget requests for tenant agencies specifically to fund consolidations would be needed. The FY 202 budget include a legislative proposal that ensures full annual access to the FBF

GSA's FY2024 budget request also includes a legislative proposal to expedite project delivery by increasing the prospectus threshold directly under the jurisdiction of this Committee.

<u>Senator Stabenow:</u>

1. In September, the General Services Administration's Office of Inspector General issued a series of warnings about elevated levels of Legionella bacteria that were found in six federal office buildings in recent months, including at the 985 Michigan Avenue Federal Building in Detroit. This is extremely concerning, and the Public Buildings Service (PBS) must take action to address the risk of contamination.

Tenants were notified on June 2, 2023 of initial bacteria testing results not meeting drinking water parameters. The building was closed on June 5, 2023. Test results from samples collected from July 3-7, 2023 showed elevated metals and Legionella in the cooling towers and domestic water system. Cooling towers have been successfully remediated and preventative modifications made to the operating procedures.

Remedial flushing of the building premise plumbing system was completed July 7, but did not remediate the water quality. An Immediate Remediation plan was developed for the Domestic Water System which includes the installation of 0.2 micron filters on all water sources to address Legionella while flushing continues to address lead and copper concerns.

A phased approach was used to install filters throughout the facility.

Phase 1 began August 28, 2023 and included lower level, 1st floor, and IRS Print Shop spaces. Filters were installed at points-of-use fixtures to control Legionella. In addition, chemical sanitation was used to kill bacteria including Legionella downstream of filters. Follow-on testing for Legionella was then conducted at all filter locations including culture analysis for Legionella. Results were received on September 26, 2023 which confirmed non-detectable levels of Legionella post-filter, demonstrating control of Legionella from filtering. As a result, the IRS Print Shop returned to full operations on October 21, 2023.

Phase 2 began October 2, 2023 and included filter installation and chemical sanitation of fixtures throughout the remainder of the building. Flushing and testing was repeated until all point of use locations were non-detectable for Legionella by culture analysis.

A building-wide Town Hall was held on November 14, 2023 in preparation for reopening the following week. There were over 400 attendees and panel members included representatives from the Detroit Department of Health. However, re-opening was delayed due to a critical failure of the hot water circulation system. Repairs to that system were conducted and water temperatures were reported in the acceptable range over the Thanksgiving holiday allowing the building to fully reopen on November 28, 2023.

Filters are inspected weekly and replaced according to the manufacturer and consultants recommendations. Ongoing testing is conducted to ensure performance of the filters and monitor the overall building water quality. Recent post-filter Legionella tests have all come back with Non-Detect results and the building has been given a conditional “ALL CLEAR” pending the long term improvements outlined below.

Long Term, or Phase 3, consists of two parts: 1) the development of a Water Management Plan (WMP) for the building which will specify operational procedures, testing, and water quality event response and; 2) multiple construction projects to gain better control of the water system.

While the GSA team continues to work with the contractor to draft an acceptable WMP for long term operation of the building, parts of the plan are already being implemented (flushing, testing, filters, etc.)

On September 25, 2023 a design work contract was awarded to begin preparing bid packages for the highest priority modifications. Major scope items include a complete rebalancing of the hot water circulation system and the replacement of above ceiling hot water tanks (many with point-of-use “InstaHot” heaters). The due date for 100% design submission of this scope is March 14, 2024

In addition, galvanized piping throughout the building was identified as a large contributor to poor water quality. This work to replace this piping has been separated from the other plumbing modifications due to its urgency. The estimated award date of this contract is March 18, 2024.

- What is the current status of the water quality in the Detroit federal building?

The water used in the cooling towers meets the required standards. More specifically, after the completion of two phase filter installation and subsequent testing, the building fully reopened on November 28, 2023. Post-filter Legionella tests are consistently non-detectable for Legionella including the last three rounds of testing which occurs biweekly.

Post re-occupancy, multiple construction recommendations are underway to gain better down range control of the water system.

- What steps has PBS taken to increase oversight and to develop a testing requirement for Legionella in both owned and leased buildings?

For owned buildings, based on recommendations from the CDC and EPA, GSA issued guidance in 2020 on procedures to reduce risks from water stagnation, including regularly flushing water as well as testing to ensure the adequacy of both disinfectant levels and hot water temperatures for spaces with reduced occupancy.

GSA issued a Facility Management (FM) Alert on August 4, 2023, in response to the detection of Legionella, to implement a continuous monitoring program for each federally owned facility under the jurisdiction, custody, and control of GSA.

GSA further consulted with CDC and other federal, state, and local agencies along with industry experts, including the International Association of Plumbing and Mechanical Officials (IAPMO) ASSE 12080 certified Legionella Water Safety and Management Specialists, to exchange information on water quality management.

From this industry expertise, GSA developed a new Order and Desk Guide for Drinking Water Quality Management (PBS 1000.7A). This new guidance serves as a cornerstone in maintaining drinking water standards for federally owned facilities and leased space under the jurisdiction, custody or control of GSA. In accordance with the guidance, GSA will establish baseline drinking-water quality tests at approximately 1,400 federally owned facilities and approximately 6,000 leased spaces in FY24. This includes federally owned facilities that are over 1,000 Square Feet (SF) with drinking water systems and GSA-controlled leased spaces that do not expire in FY24. Representative drinking water testing will evaluate lead, copper, total coliform, e.coli and Legionella.

GSA will also contract for the development and implementation of water sampling and flushing plans based on ASHRAE recommendations in approximately 350 federally owned facilities that are higher than six stories and over 50,000 SF with one or more water booster pumps. Weekly water flushing in areas of buildings with child care centers, health care units, and showers, regardless of the building size will be performed. Monthly Legionella testing at all buildings with cooling towers, humidifiers, or decorative fountains (during the operating season) will also be performed.

For leased buildings, GSA issued a letter notification to Lessors on August 28, 2023, to ensure that Lessors are complying with EPA potable water requirements, as set forth in the terms of the lease. On September 20, 2023, GSA asked regions with GSA operated child care centers in leased space to take immediate action to issue and execute bilateral lease modifications to our lessors, to incorporate directed flushing requirements commensurate with the level of protection in owned facilities.

GSA further consulted with CDC and other federal, state, and local agencies along with industry experts, including the International Association of Plumbing and Mechanical Officials (IAPMO) ASSE 12080 certified Legionella Water Safety and Management Specialists, to exchange information on water quality management.

From this industry expertise, GSA developed a new Order and Desk Guide for Drinking Water Quality Management (PBS 1000.7A). This new guidance serves as a cornerstone in maintaining drinking water standards for federally owned facilities and leased space under the jurisdiction, custody or control of GSA. In accordance with updated guidance, GSA will establish baseline drinking-water quality tests at approximately 6,000 leased spaces in FY24. Leases excluded from this requirement include leases with 0 square footage (e.g., parking, antennas, kiosks, etc.) and leases that expire during FY 2024. Representative drinking water testing will evaluate lead, copper, total coliform, and Legionella.

Senator Kelly:

1. The Infrastructure Investment and Jobs Act provided GSA with $3.5 billion for modernization of land ports of entry, based on GSA's 2021 Ports of Entry Project List. How many projects on the 2021 priority list has GSA signed final contracts for?

   All 26 major modernization projects on the 2021 priority list have contracts in place for various project stages including planning, environmental reviews, design, and/or construction.

   a. Given that GSA has been provided advance appropriations for these projects, does GSA anticipate being able to use design-build contracts for the projects?

      GSA anticipates design-build contracts will be used on a significant portion of the 26 major modernization projects.

   b. Can you provide a status update on the new Douglas Commercial Land Port of Entry and the modernization of the Raul H. Castro Port of Entry in Douglas, AZ?

      Both of these projects are in the planning and environmental review phases with design-build contract awards anticipated in Q4 FY2024 (Douglas) and Q1 FY2025 (Raul H. Castro). GSA issued a design-build solicitation for Douglas on January 19, 2024.

c. When does GSA anticipate being able to sign contracts to begin work on the port projects?

All 26 major modernization projects on the 2021 priority list have contracts in place for various project stages including planning, environmental reviews, design, and/or construction. The majority of design build and construction contracts for the 26 major modernization projects are scheduled for award in FY2024 and FY2025.

d. When does GSA anticipate completing the feasibility study for the DeConcini Port of Entry in Nogales, AZ?

The recently awarded feasibility study for the DeConcini Port of Entry is expected to be completed in late 2024.

e. How will the DeConcini Port of Entry project be prioritized compared to the projects that received advance appropriations in IIJA?

GSA works in close coordination with our Federal partners to identify long-term, future investments in LPOEs and will prioritize any future projects at DeConcini in the overall context of GSA's investment priorities.

Ranking Member Capito:

1. Please provide the current total cost estimate for the proposed Federal Emergency Management Agency and Department of Homeland Security's Management Office consolidation at the Regional Office Building at 301 7th Street, SW, Washington, DC.

   The total cost estimate for 301 7th Street, SW, Washington, DC is undetermined, however the estimated cost of construction award for Phase I is $336 million with an estimated total project cost of $435 million. Phase 2 estimates are under development for submission under a future funding request.

   The total estimated cost for the repair and alteration of the Federal Office Building - 7th & D located at 301 7th Street, S.W., in downtown Washington, DC is $649.2M. This estimate includes all GSA and DHS costs associated with Phase I and Phase II, including design, management and inspection, construction and personal property.

   This project will renovate and modernize the building in preparation for a permanent Government-owned location for several U.S. Department of Homeland Security (DHS) components, including the Office of Biometric Identity Management (OBIM), the Undersecretary for Management subgroups, the Immigration and Customs Enforcement Office of Professional Responsibility (ICE-OPR), and the Federal Emergency Management Agency (FEMA).

   Phase I includes the renovation of the major building systems including replacing portions of the conveyance, plumbing, HVAC, electrical, and fire protection systems and construction of space to house FEMA on the basement through fourth floors. Phase II of the project will include the modernization of the fifth through seventh floors for additional DHS components. This second phase will provide open interior workspaces and replace the remaining conveyance, plumbing, HVAC, electrical, and fire protection systems for the fifth through seventh floors. Completing the redesign of the building's circulation pattern will recapture usable office space and increase the space efficiency by using an open plan office concept to the greatest extent possible. Additionally, in the event of a disaster declaration, this supports FEMA's surge operations by using shared spaces.

a. Please explain what is contributing to any increased cost.

While the total estimated project cost is not yet available, it is anticipated that the cost will increase since the prospectus was approved in FY2020. In general, construction costs have increased due to a variety of factors since that time.

The cost of the project has increased since the prospectuses were approved in FY2020 and FY2022 due to escalations for time, labor, market conditions, code and regulatory changes, and a more comprehensive building modernization that addresses the long-term housing needs of DHS and a phased construction approach.

2. What steps are being taken by General Services Administration (GSA) to ensure that the sale of the Federal Helium Reserve does not result in any national security and safety concerns?

To address the national security concerns, GSA will perform prohibited entity and Special Designated Nationals (SDN) list screenings on both the high bidder and their financial partners at pre-award and post-award. This will help to ensure that individuals are not prohibited from doing business with the Government. Additionally, the high bidder will also be subject to review by the Committee on Foreign Investment in the United States (CFIUS) and the requirements of the Foreign Investment Risk Review & Modernization Act of 2018 (FIRRMA), which authorizes the Committee to review certain transactions involving foreign investment in the United States to determine the effect of such transactions on the national security of the United States. With respect to safety concerns, GSA decided to require bidders to identify an "operations partner" with experience operating similar plants. With that experience, there is additional assurance the purchaser would be able to comply with any applicable regulatory and safety requirements for operating the plant.

3. What efforts are being taken to mitigate any disruptions to private owners' supply of helium in the Federal Helium Reserve?

GSA addressed the interests of entities that own crude helium stored in the FHS. Specifically, GSA structured the IFB to require the purchaser to maintain helium delivery obligations to the storage and delivery contract holders after the sale and conveyance.

The storage and delivery contracts include terms that contemplate assignment to the FHS's ultimate purchaser and that provide for the purchaser's responsibility to continue delivering helium after the conveyance.

4. Please provide the list of buildings that GSA is actively working to dispose of and an estimated disposal date.

   A list of active disposals (current as of January 22, 2024) that GSA is actively working to dispose of, with projected sale or transfer dates is included as an attachment. Please note that this includes properties from other landholding agencies (e.g., U.S. Coast Guard) for whom GSA is disposing of property.

5. Please provide the space utilization rate of all buildings identified to potentially receive funding for Emerging and Sustainable Technologies under the Inflation Reduction Act.

   As has been shared with the Committee, GSA has been undergoing a National Portfolio Planning process to identify those facilities for which there is a long-term need by the Federal government. GSA has been making strategic investments using Inflation Reduction Act monies only into those facilities that the agency plans to retain as part of its portfolio going forward. Investing in core long term assets is vital for consolidations and improved utilization. Advanced technologies and flexible design enhance operational efficiency, optimize space, and foster sustainability. This creates a collaborative and innovative environment, adapting to changing workspace trends and consolidating resources effectively. In the long run, these investments lead to cost savings, environmental responsibility, and a resilient infrastructure.

Senator Ricketts:

1. The General Services Administration (GSA) recommended that agencies consider consolidating multiple agencies into shared headquarters buildings. GSA itself has two underutilized buildings, totaling over 1.5 million square feet (SF) that require substantial capital repairs.

   - 301 7th St NW, Washington, DC 20004 is 845,169 SF, $184 million in fiscal year (FY) 2022

   - 1800 F St NW, Washington, DC 20004 is 745,325 SF

   a. Why is GSA not looking to dispose of its own two buildings and move into other underutilized space in Washington, DC?

      In the National Capital Region (NCR), GSA is working to identify and prioritize opportunities to optimize our real estate portfolio. This effort will help to inform GSA's portfolio strategy in the NCR, but implementation of such strategies will require funding to reconfigure the buildings and move certain tenants.

As part of this review, GSA is assessing 1800 F Street and its long-term role in GSA's inventory. The team will evaluate the best use for the building and will develop recommendations for either retention (and to utilize the asset for a co-location) or disposal in order to optimize the asset. It should be noted however that over the near-term, approximately 75,000 sq. ft. of GSA's headquarters building will be utilized to support the space needs of the 2024 Presidential Transition.]

With regard to 301 7th Street, GSA and DHS already are executing a plan to better utilize the asset by housing FEMA there]

In the National Capital Region (NCR), GSA is working to identify and prioritize opportunities to optimize our real estate portfolio. This effort will help to inform GSA's portfolio strategy in the NCR, but implementation of such strategies will require funding to reconfigure the buildings and move certain tenants.

As part of this review, GSA is assessing 1800 F Street and its long-term role in GSA's inventory. The team will evaluate the best use for the building and will develop recommendations for either retention (and to utilize the asset for a co-location) or disposal in order to optimize the asset. It should be noted however that over the near-term, approximately 75,000 sq. ft. of GSA's headquarters building is being utilized to support the space needs of the 2024 Presidential Transition for both the pre-election and post-election phases of the project Occupancy of this space will occur irrespective of the outcome of the election, with the only condition subject to change being the length of time the space will be utilized. If the incumbent administration remains in office, the space will be utilized until January 2024, or until May 2025 with a change in administration.

With regard to 301 7th Street, GSA has completely vacated this building and consolidated its operations into 18th and F. Disposition of 7th and D is not in the best interest of the Federal government. GSA and DHS are in the process of executing a plan to house both FEMA and DHS management in the building. The first phase of the renovation is already underway and the second phase of the renovation is included in the 2025 budget. The project will provide a long term Federal home for FEMA which is currently in a leased location, and will allow for surge capacity for FEMA into the DHS management space in times of Stafford emergency declarations. Retention and reuse of the building by FEMA and DHS provides a cost effective solution that reduces underutilized space and supports critical agency missions.

b. How could the funds that these buildings require be utilized for critical needs across the country, especially agencies that don't have nearby, underutilized buildings?

   Our portfolio strategy seeks to reinvest in those core assets for which there is an identified long-term federal need, consolidate space where feasible, make judicious use of leased space as required, and divest of those assets for which there is no longer a federal need. Additional access to our FBF addresses investments in our portfolio beset by deferred liabilities to become more optimized, modernized and sustainable by addressing deferred maintenance in our strategic assets and investing in an infrastructure that will support workplace consolidations.

c. Why hasn't GSA taken the lead in reducing its own deferred maintenance backlog, to serve as a consolidation example to other agencies, so that GSA can move forward with additional disposals?

Congress has redirected $12.9B in FBF receipts to other Congressional priorities, funds that could have been utilized to reduce GSA deferred maintenance and provide consolidation opportunities. GSA is committed to better utilizing the federal inventory, including its own portfolio. Over the last 10 years, GSA has reduced its footprint by 43 percent, saving taxpayers more than $300 million. This includes consolidating six leased locations and two owned locations across the DC region into the 1800 F Street GSA Headquarters building. GSA is committed to building on this record and pursuing further opportunities to optimize its footprint.

2. What other federally owned office buildings in the National Capital Region could be disposed of and moved into consolidated federally owned or existing leased space?

In the NCR, GSA is identifying and prioritizing opportunities to optimize our real estate portfolio. These repositioning strategies will likely recommend the disposal of some Federal buildings and the colocation to others. Implementation of such strategies will require funding to reconfigure the buildings and move certain tenants.

3. With the current changes in commercial real estate, and lower costs of leased space post-pandemic, has GSA done a complete review of planned federal construction projects to evaluate if the cost of maintaining the federal building is more efficient than leasing comparable available office space?

GSA follows OMB Circular A-94, which requires efficient resource allocation through well-informed decision making, guidance for conducting benefit cost and cost effective analysis, and a checklist of whether an agency has considered all elements for sound cost effectiveness analysis. The A-94 Analysis may be used to compare the present value costs of different housing scenarios: repair and alteration (R&A) of an existing asset, leasing, new construction, leasing with an option to purchase, and direct building purchase alternatives.

4. Following the findings of the Government Accountability Office report, has GSA taken the necessary steps to compare the cost of repairs to address the $20 billion deferred maintenance backlog on GSA projects in their reporting to Congress compared to the actual cost of a completed project?

To clarify, the GAO report cited that estimates for deferred maintenance and repair (DM&R) increased about $22 billion (83 percent) from fiscal years 2017 through 2022 collectively for four agencies: Department of Energy (DOE), Department of Health and Human Services (HHS), Department of the Interior (DOI), and General Services Administration (GSA). GSA's deferred maintenance increase is attributed to multiple factors such as the lack of full access to our Federal Buildings Fund which decreases our funding in our repair and alterations programs, labor and material cost increases, and the size and age of agencies' real property portfolios. GSA has completed an analysis on the requested capital projects that went unfunded in FY2022 and FY2023 and estimated cost increases of $122 million and $300 million, respectively, from project deferment due to lack of funding.

5. According to Open the Books, GSA spent $308 million for furniture between 2020 and 2022, but is only utilizing about ten percent of the available office space in its headquarters.

    a. How does the agency justify spending so much on furnishing mostly empty offices?

       GSA provides real estate, acquisition, and other related services to support the missions of other Federal departments and agencies. The $308 million cited is primarily for furniture that GSA purchased on behalf of, and using funds provided by, agencies occupying space in GSA-controlled facilities managed by the Public Buildings Service, or agencies utilizing acquisition tools managed by the Federal Acquisition Service.

       The furniture GSA purchased for space that it occupies totaled approximately $1.6 million. This purchase was for GSA's new Regional Office building in Tacoma, Washington, after relocation from the former Federal campus in nearby Auburn. The existing furniture in Auburn would have been costly to move and reconfigure.

    b. Please include a list of where the furniture was sent compared to occupancy of the building.

       Occupancy data is managed by individual federal agencies that occupy federally owned and leased spaces that are under GSA's custody and control.

       Regarding the furniture purchase for GSA's Regional Office Building in Tacoma, Washington, prior to the move into the new leased space, there were 360 employees assigned to the office.

6. In addition to Legionnaires' disease, have high vacancy rates contributed to any other risks to health or safety? For example, have vacancies had an impact on crime rates?

The security posture of GSA facilities is assessed using the Interagency Security Committee's Risk Management Process. The most recent reporting by FPS indicates that most facilities have not changed their risk profile since the pandemic. FPS continues to provide law enforcement and security services based on the Risk Management Process which is not specific to facility population.

FPS has advised that they have not seen a specific impact on the total number of criminal incidents at facilities that are less occupied (e.g., due to increased telework, construction, or the pandemic), but rather a shift in the criminal incidents from crimes against persons (e.g., threats, assaults) to crimes against property (e.g., vandalism, burglary, or theft).

7. The area outside of the GSA-managed San Francisco Federal Building has been described as "one of the most brazen open-air drug markets in the city." Civil servants who report to the office are escorted in and out of the building, while hundreds of others have been advised to work remotely due to safety and crime concerns. Is this situation unique or are there other GSA-managed buildings with similar safety threats to the public employees or others visiting these buildings?

   GSA, along with our partners at FPS and state and local law enforcement, work together every day to ensure the safety and security of occupants, visitors, and the general public who work and visit the thousands of federal buildings across the United States. While the City of San Francisco has received recent attention related to current events adjacent and in close proximity to the Nancy Pelosi Federal Building, our law enforcement partners have ensured that the occupants, visitors, and the general public can continue their business safely.

8. The Inflation Reduction Act authorizes funding for the GSA to purchase materials that contain "substantially lower" greenhouse gas emissions. However, the GSA's interim emissions standards and pilot program contemplate a dual standard where certain steel products made through higher emitting processes could be classified as just as green as products with significantly lower embodied emissions simply because of their production technology. This appears inconsistent with the plain language of the statute, which requires that all purchased products contain emissions "substantially lower" than the industry average. After concluding its pilot program, what changes does the GSA plan to make to its interim standards to ensure that they are implemented consistent with the statutory authority granted by Congress?

   GSA concluded its low-embodied carbon (LEC) pilot in November 2023. The pilot provided GSA insights into the construction materials market, including its Environmental Product Declarations, Global Warming Potential, market availability and cost. GSA continues to gather information and issue contracts on the 11 pilot projects while moving forward with solicitations using largely the same LEC requirements as released in May 2023 for additional Inflation Reduction Act projects. The requirements may be further modified as GSA and other agencies collaborate to gather more market information.

GSA will continue to monitor the market, engage with stakeholders and industry, and learn from our federal government partners. By fully implementing its IRA LEC program now, and increasing the number of project solicitations, GSA is further signaling to the market the breadth and significance of its IRA program and the broader Buy Clean initiative. By moving forward, GSA will also stay on track to obligate the funds by the legislatively mandated date of September 30, 2026.

Lessons learned from the pilot can be found at: www.gsa.gov/real-estate/gsa-properties/inflation-reduction-act/lec-program-details/lec-pilot-fact-sheet

9. By establishing a dual standard that applies different emissions requirements to identical steel products based on whether they are made through a high emitting or a low emitting process, the GSA's interim low carbon material emissions standards treats products with higher embodied emissions as just as green as those with lower emissions. This approach would appear to undermine any incentive for high emitting producers to decarbonize and at the same time penalize low emitting producers.

    a. How does applying different emissions standards to identical products based on how they are made incentivize decarbonization, particularly where there are only one or two high emitting producers for certain products?

       Opportunities for improvement exist throughout the steel industry. Establishing Global Warming Potential limits for individual manufacturing processes could promote innovation throughout the industry, lower emissions from all processes, and help catalyze broad-based industrial decarbonization.

       GSA recognizes that inherently different manufacturing processes are needed to create new steel from iron ore, compared to melting and recycling preexisting steel. Facilitating more sustainable steel production — including where substantial decarbonization opportunities exist — will enable all manufacturing processes to reduce emissions, creating a more competitive and sustainable American industry in the long run. The U.S. Department of Energy has reported that, although the country has seen production shift from blast furnaces to Electric Arc Furnaces (EAFs) -- with less-carbon-intensive EAFs now accounting for ~70% of domestic steel -- that the trend towards EAFs will face increased resource constraints (e.g., limited domestic prime scrap availability).

    b. Doesn't a dual standard favor high emitting producers and undermine the purpose of the statute?

       As an initial matter, it is important to note that some of IRA's key purposes are to catalyze markets, accelerate innovation, and help decarbonize some of the more carbon-intensive sectors of the American economy, such as manufacturing key materials like asphalt, concrete, glass and steel. EPA has only published an

ENERGY STAR Energy Performance Indicator (EPI), that is specific to integrated mills.

There is precedent for considering steel manufacturing processes separately to support manufacturing decarbonization. Although not governing the separate Global Warming Potential limit question, an example of an instance where manufacturing processes are treated differently can be found in the EPA's Interim Determination. That document requires ENERGY STAR Energy Performance Score reporting for “steel produced in an integrated steel (not an electric arc furnace) mill.” EPA has only published an ENERGY STAR Energy Performance Indicator (EPI), that is specific to integrated mills.

The ENERGY STAR Integrated Steel Mill EPI “score[s] individual steel mills’ energy performance based on a comparison of a plant to the entire integrated steel industry in the U.S. and Canada.” This EPI does not compare the plant-level energy efficiency of integrated mills against that of EAFs, due to their dissimilar manufacturing processes.

Current market research suggests it is unlikely for material made from one manufacturing process alone to meet 100% of the demand for steel over time. For example, the International Energy Agency’s October 2020 Iron and Steel Technology Roadmap states that: “[S]crap cannot fulfill the sector’s raw material input requirements alone because steel production today is higher than when the products that are currently being recycled were produced. This means that recycling alone cannot be relied upon to reduce emissions from the sector to the extent needed to meet climate goals.” If the United States continues to produce new (i.e. non-recycled) steel using integrated mills, there is a substantial opportunity to incentivize decarbonization of new steel, in addition to recognizing and supporting low-embodied carbon products produced in low-emitting EAF steel facilities. GSA is working with the steel industry on this issue and obtaining information from GSA IRA implementation.

Facilitating more sustainable steel production — including where substantial decarbonization opportunities exist — will enable all manufacturing processes to reduce emissions, creating a more competitive and sustainable American industry in the long run.

Senator Wicker:

1. On May 22, 2023, Senator Grassley and I wrote Administrator Carnahan requesting information relating to the occupancy data of federal office space owned and leased by GSA to better inform the American people and Congress on whether federal employees are returning in-person to federal workplaces paid for by taxpayer dollars. It has been four months since the letter was transmitted. GSA has failed to respond. That is unacceptable and illustrates GSA’s contempt for the American people.

Senator Grassley and I sent a follow-up letter on August 30, 2023. In this letter, we wrote, “GSA releasing occupancy data to the public will provide needed transparency into whether federal employees are returning to the federal workplace and which federal agencies are potentially wasting millions in taxpayer dollars on leasing and paying utilities for empty office space.” This letter, like the previous one, has gone unanswered. Given that GSA does not feel that it is necessary to reply to letters from Congress, I will ask our questions that have gone unanswered now. Why won’t GSA make the number of federal employees who report to the federal office space in-person publicly available?

a. Provide a list of each GSA-managed federal building and the Department or agency occupying the property.

   GSA submits our real property inventory in the Federal Real Property Profile Management System (FRPP MS) in accordance with Federal Assets Sale and Transfer Act of 2016 (FASTA) (Pub. L. 114-287). This information can be found on GSA's website. Note: FASTA authorizes the exclusion of real property from publication for reasons of national security and Freedom of Information Act (FOIA) exemptions. GSA does not identify any asset as exempt from the public data set; however, certain data elements at the building and tenant level are excluded based on security concerns.

b. For each federal building in each of the past five years, what is the number of federal employees housed at the property per month, the average daily occupancy rate, the lowest number of federal employees that reported to the building, and the highest number of federal employees that reported to the building?

   Occupancy data is managed by individual federal agencies that occupy federally owned and leased spaces that are under GSA’s custody and control.

c. For each federal building listed in Question a, what are the annual rental, operation, and maintenance costs for each of the past five years?

   The publicly available FRPP data set includes owned building operations and maintenance costs. GSA shares data on leased annual rental costs on GSA's website, under the lease inventory and lease inventory archive headings.

d. According to the January 2022 GSA factsheet, GSA used its own occupancy data that it collected to “successfully consolidate 2,000 people from six leased locations in the Washington, DC metro area to [GSA] headquarters building” which saved taxpayers $24 million in annual rent cost, $6 million in annual administrative costs, and a 50% reduction in energy consumption.

   For each of the six previously leased GSA locations in each of the past five years, for each month what is the number of federal employees housed at the property, the average daily occupancy rate, the lowest number of federal employees that reported to the building, the highest number of federal employees that reported to the building, and the annual rent, operation, and maintenance cost?

GSA's National Capital Region consolidations were completed more than five years ago. GSA does not manage or maintain occupancy information for properties we no longer occupy, and there are no longer any costs associated with the previously leased locations. In planning for the consolidations to the GSA Headquarters at 1800 F Street NW in Washington, DC, GSA focused on available occupancy information at the GSA Headquarters to accommodate space needs from the other locations.

e. Will you commit to providing the data requested in these questions by October 31st?

Please see above for references to much of the data that has been requested.

2. A July GAO report found that many federal agencies used less than 25 percent of their headquarters buildings' capacity from January to March of this year. Is GSA planning to reduce costly, unused office space by selling underutilized buildings and shedding leases?

    a. GSA spends about $2 billion per year to operate and maintain federal office buildings and another $5.7 billion in rent. Based on space utilization data, does GSA know exactly how many taxpayer dollars are wasted each year operating and maintaining empty federal office buildings?

    GSA is working closely with agencies to modernize and optimize the federal real estate portfolio in ways that will enable agencies to deliver their mission and serve the American people, all while saving taxpayer money and strengthening local economies. Over the last decade, GSA has disposed of almost 12 million owned square feet and 18 million leased square feet, saving taxpayers hundreds of millions of dollars while delivering new and more efficient space for agencies to better serve the public. GSA is proactively assessing its federally owned facilities to ensure they serve a long-term customer mission need, are appropriately utilized, and have sustainable reinvestment requirements. However, as noted in GAO's recent headquarters utilization report, the largest impediment to reducing space has been lack of adequate resources to carry out consolidations.

Senator Sullivan:

1. Please GSA's budget request included several legislative proposals, including one to provide GSA with increased authority to carry out repairs and alterations for projects in public and leased buildings without oversight from this committee.

    In 2021, GSA was initiating efforts to force an update of a leased historic property in Fairbanks above and beyond the local fire codes -- even though for a lease of privately held property, by law, GSA is to defer to local fire codes/inspections. Given that the changes would have been economically prohibitive, this would have forced a Federal Judge in Senior Status to move his Chambers to another facility at the end of his career.

This is an inexpensive lease that has been renewed multiple times over the past 30 years by a variety of different GSA Administrators with no concerns raised.

Thankfully, working with GSA Administrator Robin Carnahan, we were able to prevent this forced move and settle on a strategy to accommodate building changes and keep the Judge in his chambers.

However, GSA wasn't making any tangible progress on resolving this issue until I requested that the Committee not approve certain GSA prospectuses.

If the Committee were to grant the legislative relief requested by GSA to exercise more authority without committee involvement, I am concerned that we would be giving up necessary oversight of agency functions.

From your view, if this change is granted, will there be adequate mechanisms for this committee to exercise jurisdiction?

Will the American people have less leverage to ensure the GSA is acting in our nation's best interests?

a. Will the American people have less leverage to ensure the GSA is acting in our nation's best interests?

   GSA is committed to working closely with Congress, and with this Committee, to ensure that all of our real property projects are delivering value for our customers and for the public.

   The baseline prospectus threshold was last amended in 1988 and has, thereafter, been adjusted based on construction cost indices as provided by 40 U.S.C. § 3307(h). Due to inconsistencies in adjusting the prospectus threshold and escalating costs in the construction and leasing markets, the current prospectus threshold is unreasonably low. As a result, routine work that GSA could perform without submission of a prospectus under the threshold when it was originally adopted now requires prospectus approval, thereby adding months and sometimes years to a project's life cycle. Currently, under the $3.613 million threshold, routine projects required to maintain a building such as fire alarm replacement, elevator upgrades and roof replacements require the submission of a prospectus and Congressional approval before any work can be performed.

   Most agencies that have authority and funding to own and maintain buildings have no authorization requirement and receive lump sums to "acquire, construct, alter, and maintain" their buildings. Only the US Department of Defense (DOD) and US Veterans Affairs (VA)) have similar prospectus authorization process to GSA, currently has a capital project prospectus limit of $20 million

   For DOD: under DOD authority, none of our Major R&A projects would require prospectus authorization. VA's capital buildings project limit is $20 million. Both

DOD and VA have had their thresholds increased multiple times since 2015. Meanwhile, GSA hasn't had the prospectus limit amended since 1988.

While increasing the prospectus threshold saves money and greatly accelerates the project timeline, it only minimally impacts Congressional oversight. Even at a threshold of $10 million, 92% of our spending would still remain subject to Congressional approval.

This proposal will also help to reduce repair costs and prevent smaller repair projects from growing into larger, more expensive replacements. And the higher threshold will allow Congress to remain engaged on the most costly and complex transactions. Additionally, as noted in the FY2024 budget request, GSA conservatively estimates that increasing the prospectus threshold will yield over $50 million in annual cost avoidance while ensuring this Committee retains oversight on over 90 percent of prospectus funding.

2. As GSA is working through 11 announced pilot projects funded by the Inflation Reduction Act, has your agency identified any challenges in securing materials that meet the GSA Interim IRA Low-Embodied Carbon Materials Requirements that GSA specified?

    a. Has GSA found regional variability in its sourcing of construction materials?

    Geographic limitations are most prevalent for asphalt and concrete. This limitation is because asphalt and concrete must be produced locally and certain regions have not yet developed a robust marketplace for Low-Embodied Carbon (LEC) materials with required Environmental Product Declarations (EPDs). Availability of LEC glass and steel is less constrained by geography.

    b. If so, would GSA consider modifying its standard to reflect a more regional approach that recognizes the differences in energy sources and may inform the environmental product declaration in different regions of the country?

    GSA's interim Global Warming Potential limits apply to all of GSA's IRA-funded purchases in covered product categories. The limits are based on data availability for the region of North America, from sources allowed under EPA's Interim Determination. GSA recognizes that the average Global Warming Potential of materials like asphalt and concrete may vary by location. If adequate region-specific data is available (e.g., from EPDs), GSA may consider establishing region-specific Global Warming Potential limits for certain materials. As discussed above, EPD availability is presently limited in some regions.

3. We hear of childcare shortages all across Alaska. With federal employees increasingly returning to the workplace, post-COVID childcare issues may be exasperated. What opportunities are there for GSA to open a childcare center in Fairbanks, given the high number of federal employees?

Our centers are developed in response to federal agencies' requests and need for child care services for their employees. GSA is positioned to respond to agency requests for child care space requests. We will explore the possibility of a child care center in Federal space in Fairbanks.

a. In Juneau, it is my understanding that more physical space is desired by participants to better run the GSA child care program. How does GSA make determinations on expansion of childcare facilities – both the physical footprint of the facility, as well as the number of children that can be cared for in a facility?

   GSA makes determinations to expand child care facilities based on available space, funding, justified need, and agency support.

Senator Graham

1. With the completion of the Campbell Courthouse in July 2021, what is the specific long-term plan for the C.F. Haynsworth Federal Building?

   a. Why is it necessary for GSA to maintain two federal courthouse buildings within blocks of each other?

      The strategy for Greenville, SC was established several years ago, between FY2002-FY2004, which determined a two building solution would be utilized for the Judiciary in Greenville. This solution has District Court functions being satisfied in a new courthouse and the Bankruptcy Court functions being satisfied in the existing C.F. Haynsworth FBCT. This approach would allow for a reduction in size and cost associated with the new construction requirements. The Circuit Court was originally intended to go into the new courthouse with the District Court, but this plan was later changed to only move the Circuit library facilities into the new courthouse while the Circuit judges would reside in the Haynsworth FBCT with Bankruptcy. This was the strategy that was provided, approved, and utilized when the new courthouse (now the Carroll A. Campbell, Jr. USCT) was funded for construction as part of the FY2016 consolidated appropriations act. As such, the new Campbell USCT was not designed and constructed to be large enough to house the Bankruptcy Court, and so the plan remains to accommodate Bankruptcy in the Haynsworth FBCT. To this end, the Bankruptcy Court has already chosen to relocate into the Haynsworth FBCT in advance of a future major renovation project to the building, for which GSA is seeking approval and appropriations.

   b. Will the Haynsworth occupancy level change if the proposed renovations are completed and what would be the new building occupancy percentage?

The Haynsworth FBCT is currently 33% vacant. It is the intent of GSA's proposed prospectus R&A project for this building to bring the building up to 100% occupied, or as close to 100% occupancy as possible, upon the project's completion, by building out and backfilling any remaining available space, not occupied by the Judiciary and associated agencies, with other compatible Executive Branch agencies from GSA's leased inventory in the Greenville market.

c. What is the current occupancy percentage of Haynsworth?

The Haynsworth FBCT is currently 67% occupied.

d. What is the current occupancy percentage of Campbell?

The Campbell Courthouse is currently 99% occupied..

e. How many judges maintain an office in Haynsworth?

1 US District Court Judge (Senior Status); 2 Court of Appeals Judges; 1 US Bankruptcy Court (Chief Judge)

f. How many individuals work full time in Haynsworth?

US Bankruptcy Court - 6, US District Court - 4, Court of Appeals - 9, Court Security Officers - 8. Total 27.

Department of Labor will be adding 2 additional FTEs when they occupy the building.

g. How many judges maintain office space in both Haynsworth and Campbell?

To GSA’s knowledge, no judges have space in both Haynsworth and Campbell.

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

DEC 2 2 2022

DEPUTY ADMINISTRATOR

Mr. Andrew Wishnia
Deputy Assistant Secretary for Climate Policy
U.S. Department of Transportation
1200 New Jersey Avenue, SE
Washington, D.C. 20590

Mr. Kevin Kampschroer
Chief Sustainability Officer and Director of the Office of Federal
High-Performance Green Buildings
U.S. General Services Administration
GSA Building
800 F Street, NW
Washington, D.C. 20405

Dear Messrs. Wishnia and Kampschroer:

Under the Inflation Reduction Act Sections 60503 and 60506, the Department of Transportation Federal Highway Administration and the General Services Administration are appropriated funds to spend on materials and products "that have substantially lower levels of embodied greenhouse-gas emissions associated with all relevant stages of production, use and disposal as compared to estimated industry averages of similar materials or products, as determined by the Administrator of the U.S. Environmental Protection Agency."

The EPA is issuing this interim determination[1] to provide your agencies with actionable determinations on selecting materials and products that meet the standards of Sections 60503 and 60506, which will reduce greenhouse-gas emissions of federally funded building, infrastructure and construction projects, with a particular emphasis on reducing major industrial emissions from production[2] of U.S. construction materials and products. This interim determination will support your agencies in quickly beginning to

---

[1] The EPA expects that its determination may evolve as the EPA gains a better understanding of the relevant industry averages and develops better methodologies for assessing what materials and products embody "substantially lower" greenhouse-gas emissions. At the same time, the EPA acknowledges that your agencies must enter binding contracts and anticipates that any revisions to this determination will apply only prospectively to contracts awarded after any new or revised determination is issued. This determination does not govern, bind or limit any potential future EPA standards or programs on low-embodied, greenhouse-gas materials or EPDs and should not be construed to direct subnational jurisdictions' Buy Clean policies.

[2] In this determination the EPA is prioritizing materials/products that have the highest global-warming potential impact in the *production* stage. The EPA recognizes that the IRA also directs it to consider the embodied greenhouse-gas-emissions impacts related to the use and disposal stages and that there are significant climate mitigation opportunities in taking these stages into account. The EPA is prioritizing the production stage in this interim determination due to data availability in EPDs and production's outsized embodied greenhouse gas-emissions impact when compared to the use and disposal stages of the construction product lifecycle. Later phases of this work will consider how best to accommodate a broader range of materials/products and life cycle stages.

use IRA resources to meet our mutual goals and will help the EPA glean lessons for the EPA's IRA program development. The EPA may also share this determination with other agencies in the interest of supporting consistency on interpreting "low-embodied, greenhouse-gas emissions" materials and products across the IRA.

For purposes of this interim determination, based on best available information,[3] the EPA interprets "substantially lower" as meaning a global-warming potential that is in the best performing 20 percent (Top 20 percent or lowest 20 percent in embodied greenhouse-gas emissions), when compared to similar materials/products. If no materials/products in the Top 20 percent are available in a project's location, then a material/product qualifies for funding under IRA section 60503 or 60506 per this interim determination if its GWP is in the Top 40 percent (lowest 40 percent in embodied greenhouse-gas emissions). If materials/products in the Top 40 percent are not available in a project's location, then a material/product qualifies for funding under IRA section 60503 or 60506 per this interim determination if its GWP is better than the estimated industry average. Additionally, providers of qualifying materials/products are required to report the supplying plant's ENERGY STAR Energy Performance Score where an Energy Performance Indicator is available.

The EPA's interim determination on those materials/products "that have substantially lower levels of embodied greenhouse-gas emissions associated with all relevant stages of production, use and disposal as compared to estimated industry averages of similar materials or products" is presented in more detail below. This interim determination is effective as of the date of this letter.

Sincerely,

Janet G. McCabe

[3] The EPA conducted an initial review of state and other entities' approaches to addressing embodied carbon. The EPA also conducted a review of the GWPs of available EPDs for asphalt, concrete, glass and steel. The EPA selected the "waterfall" quintile approach in this interim determination to allow projects to proceed using IRA funds for materials and products, while ensuring that those materials and products have substantially lower embodied carbon consistent with Congressional intent. The EPA plans to publish this supporting analysis on our website in the coming months.

Purchase Categories	Justification	Interim Determination
Newly Manufactured Construction Materials: -Concrete (and cement) -Glass (including, but not limited to, flat/float glass, processed glass, and insulated glazing units) -Asphalt mix -Steel (including, but not limited to, hot rolled sections, plate, hollow structural sections, steel reinforcing bars/rebar, cold formed steel framing and steel joists) -Assemblies comprised of at least 80 percent of materials that qualify	Based on the EPA's initial review of state and local Buy Clean approaches and other research to-date, these materials offer the most significant opportunities to lower the embodied greenhouse-gas emissions of federal construction projects. EPDs and EPSs, are sufficient data sources to ensure compliance with Sections 60503 and 60506.	These materials/products qualify if their product-specific GWP is in the best performing 20 percent (Top 20 percent or lowest 20 percent in embodied greenhouse-gas emissions), when compared to similar materials/products (for example, materials/products within the same product category that meet the same functional requirements). If materials/products in the Top 20 percent are not available in a project's location, then a material/product qualifies per this determination if its GWP is in the Top 40 percent (lowest 40 percent in embodied greenhouse gas emissions). If materials/products in the Top 40 percent are not available in a project's location, then a material/product qualifies per this determination if its GWP is better than the estimated industry average.[4] To determine whether a specific material/product qualifies under the EPA's interim determination, above, an agency must determine both the material/product-specific GWP and estimate the Top 20 percent (or Top 40 percent) and the industry average. **Identifying the material/product-specific GWP.** **Environmental Product Declaration**. A facility-specific, material/product-specific cradle-to-gate Type III (third-party verified) EPD is required that (i) is based on the PCR for the applicable product category that was active when the EPD was issued, and (ii) conforms with ISO 14025 and ISO 21930. When an EPD with facility-specific data is not available, for this interim determination, EPDs consistent with (i) and (ii) but not using facility-specific data are sufficient. EPDs must also be based on supply chain-specific data for the associated unit processes, where feasible. For example: ● Concrete EPDs must, where available, rely on facility specific data for the upstream cement plant; ● Fabricated steel EPDs must, where available, rely on facility specific data for the upstream steel mill(s); and, ● Processed glass EPDs must, where available, use facility specific data for the upstream glass plant.

[4] Where materials/products with GWPs that meet the Top 20 percent or Top 40 percent are currently not available at a particular IRA-funded job site, unavailability shall be documented explaining how materials/products were searched for and how the selected materials/products were validated to have a GWP better than the industry average for the applicable product category and region. Such documentation must be approved in writing by regional management (implementation team executive oversight) and central office (national technical subject matter experts) within your agency.

under this determination, by total cost or total weight.		When an EPD containing upstream supply chain-specific data for the most greenhouse-gas-intensive processes is not available, for this determination, EPDs without such data are sufficient.
		
		Estimating the best performing 20 percent and 40 percent and industry averages.
		Agencies shall estimate the GWP at the 20th and 40th percentiles and the industry average, as needed, for each material/product category using data from a verified source (e.g., an open source EPD database, industrywide EPDs or a 3rd party-verified LCA developed using the relevant PCR). In addition, agencies shall disclose the GWPs, the methodology for determining the percentiles and averages, the source(s) used for each material/product, and the parameters (including performance specification) that can be used to set the GWP.
		
		Agencies that use an industrywide EPD or LCA to determine the industry average GWP shall use a currently valid publicly available Type III industrywide EPD or a 3rd party-verified LCA developed using the relevant PCR. The EPD or LCA and PCR must have the same geographic region. At the time of publishing, the following industrywide EPDs and LCA that should be used for U.S.-manufactured materials include, without limitation:
		• **Concrete**: Cradle-to-Gate Life Cycle Assessment of Ready-Mixed Concrete Report – Version 3.2 analysis (July 2022), regional benchmarks.
		• **Steel**:
		  • **Hot Rolled Steel Sections**: AISI Fabricated Hot-Rolled Steel Section EPD (January 2021)
		  • **Steel Plate**: AISI Fabricated Steel Plate EPD (January 2021)
		  • **Hollow Structural Steel Sections**: AISI and STI Fabricated Hollow Structural Steel Section EPD (January 2022)
		  • **Concrete Reinforcing Steel**: CRSI Steel Reinforcement Bar EPD (September 2022)
		  • **Steel Framing:** Steel Framing Industry Association Cold-Formed Steel Framing EPD (May 2021)
		  • **Steel Joists**: Steel Joist Institute Open Web Steel Joists and Joist Girders EPD (January 2022)
		  • **Flat Glass**: ASTM International Flat Glass EPD (December 2019)

		<u>Additional reporting requirement regarding upstream manufacturing plants.</u> **Report ENERGY STAR Energy Performance Score(s)**[5] for all plants in the supply chain for a specific construction product within the year of product purchase for which an ENERGY STAR Energy Performance Indicator for the product purchase category is available. At this time, EPI availability is as follows: ● Cement: EPI is available ● Flat/float glass: EPI is available ● Steel: EPI is available for steel produced in an integrated steel (not an electric arc furnace) mill. ● Asphalt mix plants: EPI is expected to be available by September 2023. The EPA will notify of availability.
Minimally processed salvaged and reused materials/products and associated services: -any construction materials/products salvaged and reused onsite or in other regional projects -salvaged and reused materials/products from external vendors Note: This category of materials is not referring to recycled content in manufactured materials/products.	Reuse maintains products largely in their original form and takes advantage of embodied greenhouse-gas emissions, resources and other impacts already incurred in the production of the original products. Reuse offers significant potential for lowering embodied greenhouse-gas emissions.	The EPA has determined that salvaged and reused materials/products from onsite and/or within the project region qualify under the requirements of sections 60503 and 60506, if your agency provides an estimate of the avoided embodied greenhouse-gas emissions based on the typical newly manufactured alternative the materials/products are replacing.

[5] The EPS is produced by the relevant ENERGY STAR Energy Performance Indicator tool for the product purchase category. The EPS and the reporting period of the underlying data must be provided for the manufacturing plant in which the material/product or constituent upstream material/product was manufactured. The score can be provided in the EPD or separately through the Statement of Energy Performance from the relevant EPI.

Property Name	Agency	City	State	Estimated Disposal Date
1002 Westwood Drive, Port Lavaca	Department of Homeland Security	Port Lavaca	TX	FY2024
1121 Brookhollow Drive, Port Lavaca	Department of Homeland Security	Port Lavaca	TX	FY2024
1711 Jackson Street, Port Lavaca	Department of Homeland Security	Port Lavaca	TX	FY2024
1712 Jackson Street, Port Lavaca	Department of Homeland Security	Port Lavaca	TX	FY2024
200 Michigan Ave Disposal	General Services Administration	Washington	DC	FY2024
Air Force Glenn Hwy	Department of the Air Force	Anchorage	AK	FY2024
Ambler National Guard Site	Department of the Army	Ambler	AK	FY2024
Atterbury Job Corps Center (partial)	Department of Labor	Edinburgh	IN	FY2024
Bluestone Lake Fly Ash Pond	Department of the Army	Glen Lyn	VA	FY2024
Bo Ginn Fish Hatchery	Department of the Interior	Millen	GA	FY2024
Boston Light	Department of Homeland Security	Hull	MA	FY2024
Brigadier General J. Sumner Jones USARC	Department of the Army	Wheeling	WV	FY2024
C. Bascom Slemp Federal Building	General Services Administration	Big Stone Gap	VA	FY2024
Cannelton Lock and Dam 44 Site, Parcel 1	Department of the Army	Leavenworth	IN	FY2024
Cannelton Lock and Dam 44 Site, Parcel 2	Department of the Army	Leavenworth	IN	FY2024
Cape Henry Light Station	Department of Homeland Security	Fort Story	VA	FY2024
CBP Pecos Land Parcel	Department of Homeland Security	Pecos	TX	FY2024
City of Grand Prairie, TX Partial Abrogation	Department of the Interior	Dallas	TX	FY2024
City of Leavenworth Abrogation Park Use	Department of the Interior	Leavenworth	KS	FY2024
Coast Guard Station - Grand Isle Duplex	Department of Homeland Security	Grand Isle	LA	FY2024
Dauphin Island Recreational Complex	Department of Homeland Security	Dauphin Island	AL	FY2024
Dunn Field West	Department of the Army	Memphis	TN	FY2024
Entiat Fish Hatchery Quarter #1	Department of the Interior	Entiat	WA	FY2024
Erie Harbor North Pierhead Lightstructure	Department of Homeland Security	Erie	PA	FY2024
F.E. Warren AFB Missile Alert Facility - Papa 01	Department of the Air Force	Meriden	WY	FY2024
F.E. Warren AFB Missile Alert Facility - Sierra 01	Department of the Air Force	Torrington	WY	FY2024
F.E. Warren AFB Missile Alert Facility - Tango 01	Department of the Air Force	Wheatland	WY	FY2024
FAA DENM NASEB Land Parcel	Department of Transportation	Aurora	CO	FY2024
FAA NDB Helena	Department of Transportation	Helena	MT	FY2024
FASTA - Chet Holifield Federal Building	General Services Administration	Laguna Niguel	CA	FY2024
Federal Helium System and 800 Million Cubic Ft of Cru	Department of the Interior	Amarillo	TX	FY2024
Federally Owned Crude Helium Gas Only	Department of the Interior	Amarillo	TX	FY2024
Floral Park	General Services Administration	Woodlawn	MD	FY2024
Former BOR Dunnigan Water District Office & Shop	Department of the Interior	Dunnigan	CA	FY2024
Former Jonesport Family Housing	Department of Homeland Security	Jonesport	ME	FY2024
Former Tiffin Grain Bin Site Abrogation	Department of Agriculture	Tiffin	OH	FY2024
Former VA Medical Hospital - Minot, ND	Department of Veterans Affairs	Minot	ND	FY2024

Former VA Regional Bldg. San Juan - FY24 Abrogation	Department of Veterans Affairs	San Juan	PR	FY2024
Former Webb AFB Minerals	Department of the Interior	Big Spring	TX	FY2024
Gary Job Corps- Tract IV	Department of Labor	San Marcos	TX	FY2024
Gary Job Corps- Tract V	Department of Labor	San Marcos	TX	FY2024
George Crossman USARC	Department of the Army	Taunton	MA	FY2024
Grand Marais Auxiliary Operations Building	Department of Homeland Security	Grand Marais	MI	FY2024
Halawa Property Reconveyance	Department of Transportation	Oahu	HI	FY2024
Hawkinsville Space Surveillance Station	Department of the Air Force	Hawkinsville	GA	FY2024
J. Percy Priest Parking Lot	Department of the Army	Nashville	TN	FY2024
Jordan Lake Space Surveillance Station	Department of the Air Force	Wetumpka	AL	FY2024
Launcher Area 47	General Services Administration - Reverted	Hobart	IN	FY2024
Little Mark Island and Monument	Department of Homeland Security	Harpswell	ME	FY2024
Milwaukee Breakwater Light (Reposition)	Department of Homeland Security	Milwaukee	WI	FY2024
NOAA Norfolk RWA	Department of Commerce	Norfolk	VA	FY2024
NOAA NWS St. Paul Island Housing	Department of Commerce	St. Paul Island	AK	FY2024
Nobska Point Lighthouse	Department of Homeland Security	Falmouth	MA	FY2024
Ogden U.S. Forest Service Federal Building	General Services Administration	Ogden	UT	FY2024
Pease - Oak Ave Vacant Land	General Services Administration	Portsmouth	NH	FY2024
Plymouth (Gurnet) Light	Department of Homeland Security	Plymouth	MA	FY2024
REPFAC Juneau	Department of Homeland Security	Juneau	AK	FY2024
Rosa Parks Federal Building	General Services Administration	Detroit	MI	FY2024
Shungnak National Guard Site	Department of the Army	Shungnak	AK	FY2024
STA Fisher Island	Department of Homeland Security	Southold	NY	FY2024
STA Shark River	Department of Homeland Security	Avon By the Sea	NJ	FY2024
Superior Entry Light Reoffering	Department of Homeland Security	Superior	WI	FY2024
Tattnall AFSSS Field Station	Department of the Air Force	Glenville	GA	FY2024
USACE AKARNG Teller AK	Department of the Army	Teller	AK	FY2024
USACE Pickstown Antenna Site	Department of the Army	White Swan Township	SD	FY2024
Wetzel County Memorial Army Reserve Center	Department of the Army	New Martinsville	WV	FY2024
York Eden Road	Department of the Army	York	PA	FY2024
Army Reserve Center Oil City	Department of the Army	Oil City	PA	FY2025
Binghamton -Partial Abrogation	General Services Administration	Binghamton	NY	FY2025
DLA Depot - Somerville, NJ	General Services Administration	Somerville	NJ	FY2025
Doubling Point Rd	Department of Homeland Security	Arrowsic	ME	FY2025
FAA 9.87 Acres of Land	Department of Transportation	Pittsburgh	PA	FY2025
FASTA - Menlo Park Campus	General Services Administration	Menlo Park	CA	FY2025
FLETC Glynco	Department of Homeland Security	Brunswick	GA	FY2025
Former FAA ED7 RCLR Site Gainesville, FL	Department of Transportation	Gainesville	FL	FY2025

Fort Kamehameha Housing	Department of the Navy	Oahu	HI	FY2025
Green Bay Entrance Lighthouse	Department of Homeland Security	Green Bay	WI	FY2025
Hilo U.S. Customs Warehouse Building	General Services Administration	Hilo	HI	FY2025
Industrial Plant	Department of the Navy	Bedford	MA	FY2025
LHAAP Remaining Tracts	Department of Defense	Karnack	TX	FY2025
Lynde Point Light	Department of Homeland Security	Old Saybrook	CT	FY2025
Menagerie - Isle Royale Lightstation	Department of Homeland Security	Houghton	MI	FY2025
Milwaukee Pierhead Light Tower	Department of Homeland Security	Milwaukee	WI	FY2025
New Windsor, Parcel 1 Abrogation	Department of the Army	New Windsor	NY	FY2025
NOAA Mukilteo Port Parcel	Department of Commerce	Mukilteo	WA	FY2025
Old Bridge Land (Reverted) - Army	General Services Administration - Reverted	Old Bridge	NJ	FY2025
Old Station Portage	Department of Homeland Security	Hancock	MI	FY2025
Ontonagon Light	Department of Homeland Security	Ontonagon	MI	FY2025
Parcel F at Corona Annex	General Services Administration - Reverted	Norco	CA	FY2025
Passage Island Light Station	Department of Homeland Security	Houghton	MI	FY2025
Peshtigo Reef Lighthouse	Department of Homeland Security	Peshtigo	WI	FY2025
POGO Right of Way	Department of the Navy	San Diego	CA	FY2025
Point No Point Lighthouse	Department of Homeland Security	Dameron	MD	FY2025
Poverty Island Lightstation	Department of Homeland Security	Poverty Island	MI	FY2025
Race Point Light	Department of Homeland Security	Provincetown	MA	FY2025
Rice County, MN Jail Annex (BRAC) Third-Party Sale	Department of Justice	Faribault	MN	FY2025
Sausalito Machine Shop	Department of Veterans Affairs	Sausalito	CA	FY2025
Sievers-Sandberg USARC	Department of the Army	Oldmans Township	NJ	FY2025
SSG Reynold J. King USARC	Department of the Army	Ithaca	NY	FY2025
Stratford Point Lighthouse	Department of Homeland Security	Stratford	CT	FY2025
Tongue Point Light - 2	Department of Homeland Security	Bridgeport	CT	FY2025
U.S. Courthouse, Des Moines	General Services Administration	Des Moines	IA	FY2025
Warwick Neck Lighthouse Warwick Light Tower	Department of Homeland Security	Warwick	RI	FY2025
Webster School	General Services Administration	Washington	DC	FY2025
Westhampton Beach USCG Housing	Department of Homeland Security	West Hampton Beach	NY	FY2025

Senator CAPITO [presiding]. Thank you, Commissioner.

Next, we will hear from David Marroni, the Acting Director for Physical Infrastructure team at the Government Accountability Office we refer to as the GAO. Mr. Marroni has spent nearly 20 years at the GAO, providing oversight on many issues, including Federal real property.

Mr. Marroni, you are recognized for 5 minutes.

STATEMENT OF DAVID MARRONI, ACTING DIRECTOR, PHYSICAL INFRASTRUCTURE, U.S. GOVERNMENT ACCOUNTABILITY OFFICE

Mr. MARRONI. Thank you, Chairman Carper, Ranking Member Capito, and members of the Committee. I am pleased to be here today to discuss the preliminary results of GAO's work on the utilization of Federal buildings and its implications for optimizing the Federal real property footprint.

In the aftermath of the COVID-19 pandemic, the Federal Government has a unique opportunity to reconsider how much office space it really needs to best achieve agency missions while saving taxpayer dollars. To get a sense of the magnitude of that opportunity, we assessed the extent to which 24 agencies utilized their headquarters buildings in January, February, and March of this year. What we found was that all 24 of those agencies had extra space, and that most agencies were using less than 25 percent of their headquarters capacity.

While these figures are estimates, they point to a potentially large amount of unneeded office space. We identified three main reasons for this low utilization. First, many agencies had more space than they needed even before the pandemic, one of the reasons Federal real property management has remained on GAO's High Risk List now for 20 years.

Second, many headquarters buildings aren't configured in the best way. For example, some include storage areas and administrative spaces that simply aren't needed in the modern workplace.

Third, agencies have embraced hybrid work. Telework and remote work certainly existed before the pandemic, but those workplace flexibilities are used much more frequently now. As a result, there are simply fewer people coming into headquarters buildings than there were before the pandemic.

So, why does this matter? Because low building utilization has significant costs, both to the Government and to the taxpayer. For one thing, there are the financial costs. It costs billions of dollars each year to operate, maintain, and lease these buildings.

In addition, holding on to unneeded office space has environmental costs. Office buildings take a significant amount of energy to run, whether people are at their desks or not.

Finally, holding onto unneeded space has opportunity costs. Every dollar an agency spends on extra space is a dollar they don't have to spend on other priorities. And for local economies, unneeded Federal space could potentially be put to more productive uses.

To be clear, figuring out how much office space agencies really need and shedding any they don't won't be easy, quick, or cost free. There are many challenges to doing so, including having the budget resources necessary to reconfigure space, lingering uncertainty about agency and office policies, and a lack of good benchmarks for measuring building utilization in a high telework environment.

More generally, while there has been progress in better managing Federal property over time, significant issues remain, both in the process for disposing of unneeded space and with the data available to inform real property decisions.

That being said, it is important not to lose sight of the unique opportunity agencies now have to creatively and fundamentally reconsider their office space needs. Agencies need to ask themselves, are there ways to reduce our footprint and save money while still ending up with more modern space that helps us better accomplish our mission?

As the Federal Government's property manager, GSA plays a key role in supporting agencies as they plan and implement space solutions to best meet their needs. However, GSA cannot right size Federal property on its own. Individual agencies are ultimately responsible for determining their own space needs and for moving forward with those decisions.

OMB, too, plays a critical role in setting policies to help guide and influence agency real property decisionmaking. Taking full advantage of the current moment will require partnership and collaboration between these agencies.

In conclusion, underused Federal buildings have been and continue to be a costly challenge, and hybrid work has made that challenge even greater. As agencies implement their in office policies, they need to take a fundamental look at their office space needs and move forward to modernize their real estate portfolios accordingly. If they do so, the Federal Government will be well positioned to take advantage of the unique opportunity before it, optimize the Federal real property footprint, and save taxpayer money.

Mr. Chairman, that concludes my opening statement. I will be happy to answer any questions you may have.

[The prepared statement of Mr. Marroni follows:]

United States Government Accountability Office

Testimony Before the Committee on Environment and Public Works, U.S. Senate

For Release on Delivery
Expected at 10:00 a.m. EDT
Wednesday, September 27, 2023

FEDERAL REAL PROPERTY

Preliminary Results Show that Increased Telework and Longstanding Challenges Led to Underutilized Federal Buildings

Statement of David Marroni, Acting Director, Physical Infrastructure Team

GAO-23-107060

GAO

Highlights

Highlights of GAO-23-107060, a testimony before the Committee on Environment and Public Works, U.S. Senate

Why GAO Did This Study

The federal government owns over 500 million square feet of office space that costs billions annually to operate and maintain. As the country emerges from the pandemic, the federal government has a unique opportunity to reconsider how much and what type of office space it needs.

This testimony discusses the preliminary results of an ongoing GAO review that (1) assesses the extent to which agencies utilized their headquarters buildings in selected weeks of early 2023; (2) describes the costs of underutilized federal office space; and (3) discusses challenges agency officials identified to increasing the utilization of their headquarters buildings.

GAO collected building size and attendance data from 24 federal agencies for one week in January, February, and March of 2023. GAO calculated the capacity of each headquarters building by dividing the size of the building by a per-person benchmark used by the General Services Administration. GAO then calculated utilization for each building by dividing the in-office attendance for the sample period by the capacity for each building. The percentages in this testimony are preliminary estimates based on ongoing work and are subject to change.

The General Services Administration and the Department of Veterans Affairs provided comments on our preliminary results.

View GAO-23-107060. For more information, contact David Marroni at (202) 512-2834 or MarroniD@gao.gov.

September 27, 2023

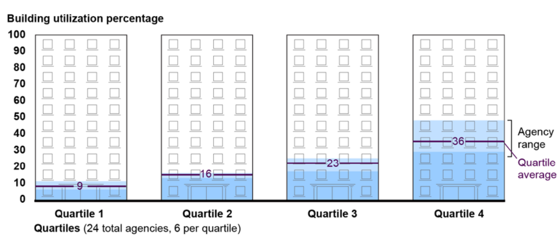
FEDERAL REAL PROPERTY

Preliminary Results Show that Increased Telework and Longstanding Challenges Led to Underutilized Federal Buildings

What GAO Found

Federal agencies have long struggled to determine how much office space they needed to fulfill their missions efficiently. Retaining excess and underutilized space is one of the main reasons that federal real property management has remained on GAO's High-Risk List since 2003. Seventeen of the 24 federal agencies in GAO's review used an estimated average 25 percent or less of their headquarters buildings' capacity in a three-week sample period across January, February, and March of 2023. On the higher range, agencies used an estimated 40 to 49 percent of the capacity of their headquarters on average.

Estimated Weekly Averages of Utilization of Federal Headquarters Buildings across Three-Week Sample (One week in each of January, February, and March 2023), by Quartile



Source: GAO analysis of data from 24 federal agencies. | GAO-23-107060

Underutilized office space has financial and environmental costs. Federal agencies spend about $2 billion a year to operate and maintain federal office buildings regardless of the buildings' utilization. In addition, agencies spend about $5 billion annually to lease office buildings. Any reduction in office space could reduce these costs. Office buildings also have environmental costs that could be lowered with better utilization. For example, GSA renovated and reduced its current agency real estate footprint, which helped reduce energy consumption and costs.

Agency real property officials identified challenges to increasing their headquarters building utilization.

- **Funding.** Additional budget resources are needed to reconfigure existing space to increase utilization and support a hybrid work environment.
- **Potential policy changes.** Concerns about the future of in-office attendance policies and habits have caused a reluctance to reduce headquarters space.
- **Benchmarks.** There are no benchmarks for how federal agencies should measure utilization to guide agency efforts.
- **Culture.** Agency leaders can be reluctant to share headquarters space among agency components or with other agencies.

Chairman Carper, Ranking Member Capito, and Members of the Committee:

I am pleased to be here today to discuss the preliminary findings from our ongoing work on federal agencies' office space utilization in headquarters buildings. The federal government owns 511 million square feet of office space, costing billions annually to operate and maintain. During the pandemic, federal agencies operated under a maximum telework posture, with many employees working away from the office. As the country emerges from the pandemic and agencies continue to offer telework as an option, the federal government has a unique opportunity to reconsider how much and what type of office space it needs.

Even before the pandemic, federal agencies struggled to determine how much office space they needed to fulfill their missions efficiently. Retaining excess and underutilized space is one of the main reasons that federal real property management has remained on GAO's High-Risk List since 2003.[1] In 2015, the Office of Management and Budget (OMB) issued its *National Strategy for the Efficient Use of Real Property*, which included the Reduce the Footprint policy. This policy required a number of agencies to set annual targets for reducing domestic office and warehouse space.[2] The Federal Property Management Reform Act of 2016 codified the Federal Real Property Council (FRPC)—a group that includes the 24 federal agencies that occupy 98 percent of all federal real

[1]GAO. *High-Risk Series: Efforts Made to Achieve Progress Need to Be Maintained and Expanded to Fully Address All Areas,* GAO-23-106203 (Washington D.C.: Apr. 20, 2023). Excess property is any federal agency property the agency determines it no longer needs to carry out its responsibilities. Underutilized property is property (a portion or in its entirety) that an agency uses irregularly or infrequently for program purposes, or property where agency purposes can be accomplished with only a portion of the property.

[2]Off. of Mgm't and Budget, National Strategy for the Efficient Use of Real Property 2015-2020: Reducing the Federal Portfolio through Improved Space Utilization, Consolidation, *and Disposal* (Mar. 25, 2015). Subsequently, OMB published the *Addendum to the National Strategy*. Off. of Mgm't and Budget, OMB Memo No. 20-10, "Issuance of an Addendum to the National Strategy for Efficient Use of Real Property," (Mar. 6, 2020).

property.[3] The FRPC is chaired by the Deputy Director of OMB, and aims, in part, to reduce the costs of managing property. Although these efforts have improved the focus on real property management, federal agencies continue to have unneeded space.

My testimony today provides preliminary observations on our review of office space utilization in the headquarters buildings of the 24 FRPC member agencies. My statement:

1. assesses the extent to which FRPC-member agencies utilized their headquarters buildings in selected weeks of early 2023;
2. describes the different types of costs of underutilized federal office space; and
3. discusses challenges that agency officials identified to increasing the utilization of their headquarters buildings.

We previously discussed our preliminary results in a July 13, 2023, testimony statement.[4] In accordance with auditing standards, our full draft report is now with the agencies for their review and comment. Next month, we plan to issue our final report and make recommendations, as appropriate.

To conduct our audit work, we collected information from all 24 FRPC member agencies related to the utilization of their headquarters buildings

[3]The Federal Real Property Council (FRPC) is a statutorily-authorized group that includes the 24 Chief Financial Officer (CFO) Act federal agencies chaired by the Deputy Director for the Office of Management and Budget that occupy most of the federal government's buildings. See 40 U.S.C. 623 (codifying the FRPC, which was originally created pursuant to Exec. Order No. 13327, 69 Fed. Reg. 5897 (Feb. 4, 2004). Members include Senior Real Property Officers of the 24 CFO agencies, the Controller of the Office of Management and Budget (OMB), the General Services Administration (GSA) Administrator, and any other officials OMB's Deputy Director for Management, determines are necessary. 40 U.S.C. § 623(c)(1). The CFO Act of 1990, as amended, established Chief Financial Officers to oversee financial management activities at 24 agencies, which are often referred to collectively as CFO Act agencies. The 24 federal agencies are 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, along with the National Aeronautics and Space Administration, Environmental Protection Agency, U.S. Agency for International Development, General Services Administration, National Science Foundation, Nuclear Regulatory Commission, Office of Personnel Management, Small Business Administration, and Social Security Administration. 31 U.S.C. § 901(b).

[4]GAO, *Federal Real Property: Preliminary Results Show Federal Buildings Remain Underutilized Due to Longstanding Challenges and Increased Telework*, GAO-23-106200. (Washington, D.C.: July 13, 2023).

(see app. I for a map and listing of the buildings). Utilization is a ratio of a building's capacity and the extent to which an agency uses that capacity. Utilization differs from attendance because a building's capacity is based on the size of the building, not the number of people assigned to it. All assigned staff could go to a building, and it could still be underutilized if the building has more space than needed.

To determine the capacity of each headquarters building, we collected data from each agency on the number of usable square feet in each building—the portion of a building that is available for occupants, which includes offices, team rooms, and conference rooms.[5] We verified that information by comparing it with data from the General Services Administration (GSA), which has ultimate control and custody for some of the buildings. We then calculated the capacity of each building by dividing the number of usable square feet by the GSA benchmark of 180 usable square feet per staff person.[6]

To determine the extent to which agencies are using the buildings, we collected daily attendance data at the headquarters buildings of all 24 FRPC-member agencies for three nonconsecutive weeks in January, February, and March 2023.[7] Agency officials said these represented normal weeks at that time, without any obvious reason why there would be a significantly higher or lower number of staff in the headquarters building than any other week.[8]

We chose to measure attendance in one-week intervals because all 24 agencies said that their in-office presence had stabilized week-to-week. We focused on federal agency office space in headquarters buildings

[5]Definition of usable square feet from American National Standards Institute Building Owners and Managers Association Standard Methods of Measurement ANSI/BOMA Z65.1-2017.

[6]We used the 180 usable square feet benchmark suggested by GSA and OMB. We used a single benchmark consistently across agencies for our analysis. Agencies may use a different benchmark.

[7]We did not collect data on the number of staff assigned to each headquarters building or calculate the percentage of those assigned staff who came into the office during our sample period because the focus of our review was on building utilization, not attendance.

[8]We requested data from January 23-27, 2023; however, the Department of Homeland Security provided us data from January 30 to February 3 because of a network issue affecting computer login data. Also, Department of Housing and Urban Development officials noted they had ongoing renovation projects that increased telework during the time we requested data.

because of the availability of attendance data and because they represent office buildings with relatively consistent types of uses.[9] We calculated the utilization of a building by comparing its capacity in usable square feet to the actual in-office attendance for the sample period.

We collected usable square footage data from and interviewed agency officials in late 2022 and early 2023. We included in our analysis any updated usable square footage data provided by agencies in response to data reliability questions sent in June 2023. For example, the Nuclear Regulatory Commission reduced space in its headquarters building in January 2023 by 59,060 usable square feet. The Department of Transportation and the Department of Treasury provided updated usable square footage amounts for their headquarters buildings that decreased their reported square footage by 456 feet and 15,470 feet, respectively.

The 24 agencies varied in the type and quality of the attendance data they collected and were able to provide to us. Agencies provided us aggregate summaries or raw data files of badging or computer network login data.[10] We sent agencies questions to ensure the reliability of collected data. Based on our discussions with agency officials, responses to our data reliability questions, and where possible, a review of the data for omissions and errors, we determined that the data were sufficiently reliable for the purposes of calculating buildings' space utilization.

We conducted site visits to six agency headquarters buildings to observe current building utilization, conditions, and agency efforts to adapt their office space. We selected these headquarters buildings to obtain a variety in size and age of the buildings. We interviewed federal and private sector officials to understand the costs of underutilized space and the challenges to increasing the utilization of agency headquarters buildings. We also gathered information at FRPC meetings in January, April, and July 2023.

The work on which this statement is based is being conducted in accordance with generally accepted government auditing standards.

[9]We previously found that few agencies track in-office attendance at non-headquarters facilities. GAO, *Federal Real Property: GSA Could Further Support Agencies' Post-Pandemic Planning for Office Space Use,* GAO-22-105105, (Washington, D.C.: Sept. 7, 2022). DOD provided us data on attendance at the Mark Center in Alexandria, Virginia, rather than the Pentagon because it said the Mark Center has administrative functions more like those at a civilian agency headquarters building.

[10]According to GSA officials, all agencies are not required to collect attendance data. If they choose to collect it, they are not required to use any specific format.

Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

The federal government owns about 511 million square feet of office space, according to the Federal Real Property Profile—the government wide real property database maintained by GSA. GSA manages approximately 1,500 federally owned buildings, which are used by various federal agencies (see fig. 1 for examples). GSA also leases space for tenant agencies from private-sector owners. As of April 2023, GSA managed 7,685 leases, totaling nearly 180 million square feet of space. The 24 headquarters buildings in our review encompass 21.4 million usable square feet.

Figure 1: The Headquarters Buildings for the Departments of Energy, Labor, Treasury (top row), Commerce, Housing and Urban Development, and Agriculture (bottom row)

Source: GAO. | GAO-23-107060

GSA provides guidance and tools to assist agencies with office space planning. In particular, GSA established a benchmark of 180 useable square feet per employee.[11] Use of the benchmark is not required. These benchmarks and agency efforts generally assume that assigned employees would work at the office most days during the week.

Maximum Telework During the Pandemic

The use of federal real property was greatly impacted by the March 13, 2020, national emergency declaration related to COVID-19 and the release of subsequent guidance aimed at slowing the transmission of COVID-19.[12] Federal agencies responded by adopting a maximum telework posture, allowing many employees to work remotely for necessary agency operations. As a result, many federal employees shifted to telework, including employees who had not historically done so. In June 2021, OMB issued a memo directing agencies to create plans for bringing staff back to their agency offices to perform their work.[13] All 24 FRPC member agencies said they completed their initial return to the office transitions at some point during 2022. The national emergency declaration related to the pandemic was terminated on April 10, 2023.

OMB Guidance on Space Planning and Telework

In July 2022, OMB asked the FRPC agencies to collect evidence-based data to estimate their space needs.[14] The OMB memo stated that when determining future physical space requirements, agencies should consider the agency's mission and customer needs, its current and future workforce, and how any decisions might affect local communities. In April 2023, the Administration released additional guidance directing agencies to describe their telework plans, monitor organizational health and

[11]Useable square footage represents the portion of a building that is available for occupants, which includes offices, team rooms, and conference rooms. Gross square footage is a more inclusive measure of all areas on all floors of a building, which includes additional spaces like restrooms, lobbies, and mechanical rooms. See GAO, *Federal Real Property: Measuring Actual Office Space Costs Would Provide More Accurate Information*, GAO-20-130 (Washington, D.C.: Dec. 10, 2019).

[12]Proclamation No. 9994, 85 Fed. Reg. 15,337 (Mar. 13, 2020). Off of Mgm't and Budget, OMB Memo No 20-16, "Federal Agency Operational Alignment to Slow the Spread of Coronavirus COVID-19", (Mar. 17, 2020). This guidance followed preliminary guidance from the Office of Personnel Management, which required agencies to review continuity of operations plans to ensure telework was fully incorporated. Off. of Personnel Mgm't, CPM 2020-04 "Preliminary Guidance to Agencies during Coronavirus Disease 2019 (COVID-19)" (March 3, 2020).

[13]Off. of Mgm't and Budget, OMB Memo No. 21-25, "Integrating Planning for A Safe Increased Return of Federal Employees and Contractors to Physical Workplaces with Post-Reentry Personnel Policies and Work Environment" (June 10, 2021).

[14]Off. of Mgm't and Budget, OMB Memo No. 22-14, "Fiscal Year 2024 Agency-wide Capital Planning to Support the Future of Work", (July 20, 2022).

performance issues, and identify indicators that support decision-making related to the work environment.[15]

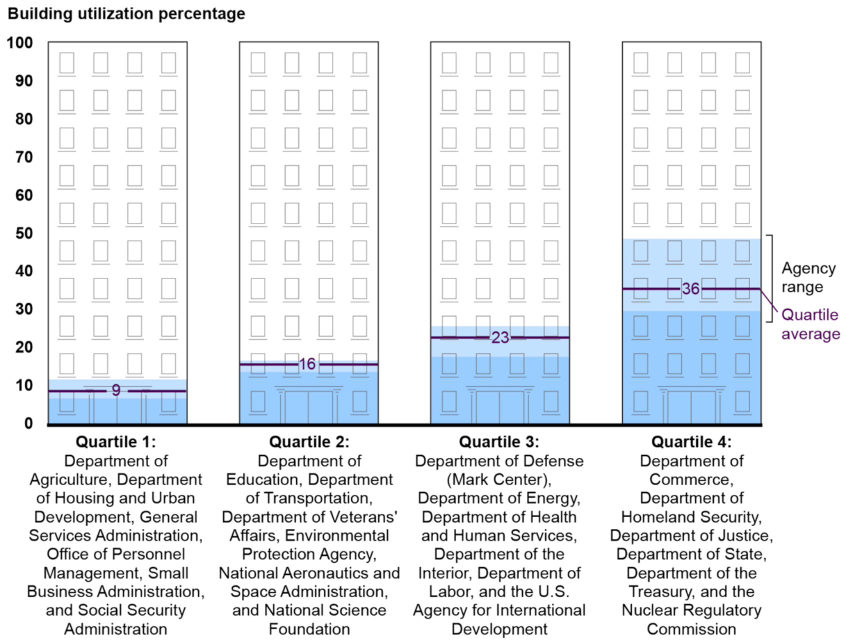
Most Agencies Used on Average an Estimated 25 Percent or Less of Their Headquarters' Capacity during Selected Weeks in 2023

Our review of three selected weeks during January, February, and March 2023 found that 17 of the 24 federal agencies used on average an estimated 25 percent or less of the capacity of their headquarters buildings. On the higher end of the range, agencies used an estimated 40 to 49 percent of the capacity of their headquarters on average. The percentages are estimates of utilization, a ratio of a building's capacity and the extent to which an agency uses that capacity. We calculated utilization based on the size of a building in terms of usable square feet compared to how many people entered the building per day.[16] Figure 2 divides the 24 agencies into four distinct groups (quartiles) based on the agencies' average utilization of their headquarters buildings.

[15]Off. of Mgm't and Budget, OMB Memo No 23-15, "Measuring, Monitoring, and Improving Organizational Health and Organizational Performance in the Context of Evolving Agency Work Environments" (April 13, 2023). The memo indicated that there was an expectation that agencies would increase meaningful in-person work at federal offices, while still using flexible operational policies.

[16]Utilization differs from attendance because a building's capacity is based on the size of the building, not the number of people assigned to it.

Figure 2: Estimated Weekly Averages of Utilization of Federal Headquarters Buildings across Three-Week Sample (One Week in Each of January, February, and March 2023), by Quartile



Source: GAO analysis of data from 24 federal agencies. | GAO-23-107060

Note: Utilization is a ratio of a building's capacity and the extent to which an agency uses that capacity. Utilization differs from attendance because a building's capacity is based on the size of the building, not the number of people assigned to it. All assigned staff could go to a building, and it could still be underutilized if the building has more space than it needs. The quartile percentage represents an average, but percentage ranges of space utilization vary by federal agency. The Department of Defense provided us data on attendance in a government facility (Mark Center) located in Alexandria, Virginia, which we had identified as its administrative headquarters. The Office of Personnel Management indicated that additional non-agency staff occupy space in its headquarters building, and its numbers include those workspaces and attendance. Department of Housing and Urban Development and Small Business Administration officials noted that their headquarters buildings were undergoing renovation during the data collection period, contributing to a decrease in attendance. The Department of Energy headquarters includes the Forrestal, Germantown, and Portals locations.

Some agencies disagreed with how we calculated office capacity or with the areas we included as usable space. For example, the National Aeronautics and Space Administration stated that our calculation included common areas, conference rooms, and other spaces, thus overstating its capacity. We found that agencies use different methodologies to measure space utilization in federal buildings. We applied the GSA and OMB benchmark based on discussions with GSA, OMB, and the FRPC.

We identified three primary causes for the low space utilization in federal headquarters buildings.

- **Excess space is a longstanding challenge.** Federal real property management has been on GAO's High-Risk List since 2003 in large part because the federal government retains more space than it needs.[17] We also found in 2023 that recent efforts to reduce unneeded federal space have faced challenges.[18] At a meeting of the FRPC in January 2023, more than half of the agency officials acknowledged that their headquarters buildings had excess space prior to the pandemic. For example, we calculated for one of the headquarters in the lowest use quartile that if all assigned staff entered the building on a single day, it would still only use 67 percent of the building's capacity based on its usable square feet.
- **Building configurations do not support a modern workplace.** The headquarters buildings we visited were built decades ago. They were configured to support a workplace model that included numerous areas no longer needed in the modern workplace, such as some administrative and storage spaces. In some cases, agencies configured their spaces with larger office spaces than are currently needed. Multiple agencies indicated that the historic nature of their headquarters buildings limits their ability to maximize utilization. For example, Environmental Protection Agency officials said their headquarters is historic and the agency does not have the authority to move walls and expand space to accommodate additional staff seating or offices. In addition, officials from several agencies thought portions of their headquarters building could not be easily transformed to office space. For example, Department of Veterans Affairs officials said the agency's basement (89,000 usable square feet) housed its

[17] GAO-23-106203.

[18] GAO. *Lessons Learned from Setbacks in New Sale and Transfer Process Could Benefit Future Disposal Efforts,* GAO-23-106848 (Washington, D.C., June 8, 2023).

cafeteria, mail, and other operations with little availability for office space as currently configured.

- **Agencies have increased telework.** All 24 agencies said that their in-office workforce has not returned to pre-pandemic levels due to increased use of telework and remote work. Some agencies said that these workplace flexibilities, such as telework and remote work, existed before the pandemic but are used much more frequently now. The amount of telework varies by agency because mission needs vary. For instance, agency officials noted that classified work requires staff to work in the office.

Underutilized Federal Office Space Has Various Costs

Maintaining unneeded space has financial, environmental, and opportunity costs.

Financial Costs

Office buildings are expensive to operate, maintain, and lease, and reductions in office space would reduce these costs. The Federal Real Property Profile data for 2021 indicates that the 24 FRPC agencies spend about $2 billion a year to operate and maintain owned federal office buildings. In addition, agencies may postpone maintenance and repairs to assets in their portfolios for various reasons, which over time can create a backlog of costly deferred maintenance and repairs.[19] Disposing of underutilized buildings in need of repair would reduce these costs. Further, allowing unneeded leases to expire would directly reduce costs. Federal agencies spend about $5 billion annually to lease office space from the private and government sector. As of April 2023, more than half of GSA's leases (4,108 out of 7,685), which account for more than 83 million square feet of space, have expiration dates scheduled for calendar years 2023 to 2027.

Environmental Costs

Office buildings also have environmental costs, and reduction in office space could reduce those costs. For example, GSA renovated and reduced its current real estate footprint. According to a GSA presentation, these efforts reduced its energy consumption by 50 percent, saving $6.5

[19]GAO and others have reported on issues with managing repairs and maintenance in federally owned facilities, which are costly to the federal government. Federal agency financial reports have reported $76 billion in deferred maintenance and repair costs in 2021, an increase of about 50 percent since 2017. See GAO. *Federal Real Property: Agencies Attribute Substantial Increases in Reported Deferred Maintenance to Multiple Factors,* GAO-23-106124 (Washington, D.C.: Oct. 28, 2022).

million annually. Emissions—and their associated monetary costs—are still generated with underutilized space because agencies continue to operate buildings even when staff are not in the office. While it is difficult to estimate the environmental impact of any individual building, commercial buildings in the country overall are responsible for 35 percent of the electricity consumed in the U.S. and generate 16 percent of all U.S. carbon dioxide emissions, according to the Department of Energy.[20]

Opportunity Costs

Underutilized federal office space involves opportunity costs—the loss of potential gain from alternative uses of the resources involved—to both the federal government and the local economy. The federal government could apply the resources for an unneeded building to other priorities, such as reducing the deferred maintenance on remaining buildings. In the local economy, unneeded federal properties and land could be put to productive use. For example, the private sector successfully converted an unneeded post office in Washington, D.C., into a hotel. Selling a federal building to the private sector also can increase the local tax base, as federal buildings are generally exempt from local taxes.

Agencies Face Challenges Increasing Utilization, Including a Lack of Government-Wide Benchmarks

During our interviews and site visits, agency officials described some challenges to increasing the utilization of their headquarters buildings. During the April 2023 Federal Real Property Council meeting, 40 federal agency officials that were in attendance ranked their challenges. Most of these federal agency officials ranked the budget resources needed to reconfigure space and concerns about future in-office attendance policies as the top challenges (see fig. 3).

[20]U.S. Department of Energy. Office of Energy Efficiency and Renewable Energy. *About the Commercial Buildings Integration Program*. (Washington, D.C.).

Figure 3: Top Challenges to Increasing Headquarters Utilization as Identified by Federal Real Property Council Members in April 2023

Challenges	Description
Budget resources to reconfigure space	Resources are needed to transform traditional office configurations so they better support office sharing as a part of efforts to reduce space.
Concerns about the future of in-office attendance policies	Uncertainty exists about changes to workplace policies that affect the number of personnel who regularly need access to permanent office space.
Reluctance to share headquarters space with other agencies	Maximizing utilization could involve agencies either sharing their headquarters with other agencies or moving their headquarters functions into another shared space.
No benchmarks for utilization or target for full utilization	There is a lack of consistent benchmarks for how agencies should measure utilization or what is considered full utilization for federal office space.

Source: GAO analysis of agency comments. | GAO-23-107060

Budget Resources to Reconfigure Space

Agency officials ranked the need for additional budget resources to reconfigure their spaces to support a hybrid office environment—one with a mix of in-office and remote staff—as the top challenge to increasing utilization of their headquarters building. Specifically, they said they would need to transform traditional office configurations into hybrid offices, allowing for more efficient use and better support of office sharing. For example, USDA officials said that updating their two-building headquarters to support higher density and office sharing would require millions of dollars of investments. Some headquarters buildings have been partially updated. For example, Department of Housing and Urban Development officials said the agency made capital investments to update one wing to support modern, hybrid work (see fig. 4). However, the rest of the building has a hallway and office configuration that does not support collaboration and shared spaces.

Figure 4: Office Space at the Headquarters of the Department of Housing and Urban Development — Un-Renovated (left), and Updated (right)

Source: GAO. | GAO-23-107060

Concerns about the Future of In-Office Attendance Policies

Agency officials ranked their second top challenge as concern about the future of in-office attendance policies. Although agency officials said their in-office attendance remained stable at this time, many worried that policies or habits could change. They expressed concern that if they consolidated to meet current demand, the agency might no longer be able to provide space for all headquarters personnel if policies change or more staff decide to return to the office. Agency officials also said media reports about back-to-the-office mandates could make such consolidations seem premature. Recently proposed legislation and OMB memos suggest that there could be additional policy changes.[21] We issued a report in September 2022 that reflected similar concerns, with agencies stating at that time that they were uncertain of the number of people who would regularly need access to permanent office space.[22]

[21] SHOW UP Act, H.R. 139, 118th Cong. (2023).

[22] GAO-22-105105.

Challenges to Sharing Headquarters Space with Other Agencies or Internally

While only two agency officials ranked a reluctance to share headquarters space with other agencies as the top challenge to increasing utilization, most listed it as a challenge. GSA officials said that maximizing utilization could require some agencies to either share their headquarters with other agencies or move their headquarters functions into another shared space. One official said their leadership is reluctant to share headquarters space with other agencies because it could lower their perceived standing as a cabinet-level agency.

Eight agency officials also ranked inner-agency silos as the first or second top challenge to increasing headquarters utilization. For example, the Department of Energy noted that groups of seats in its headquarters are assigned to departmental elements based on their funding, customers, and workspace needs. Some agency officials said that leadership within individual bureaus are protective of space assigned to them, including offices, conference rooms, and specialized spaces like secure rooms. They said no current mechanism exists to share those spaces more broadly throughout their agencies. During our site visits, we observed building spaces subdivided into smaller bureau-level divisions that can lead to inefficient utilization. For example, USDA officials showed us a segment of their headquarters used for agency-wide workspace sharing, while the workspaces in the rest of the two buildings were assigned to individual bureaus (see fig. 5).

Figure 5: Shared Workspaces within the Department of Agriculture

Source: GAO. | GAO-23-107060

Another challenge to increasing building utilization and sharing space raised by agencies includes classified work and security considerations. For example, Department of Transportation officials noted the agency provides separate workstations for classified and unclassified work for federal employees.

No Consistent Benchmarks for Utilization that Account for Increased Telework

Agency officials also indicated that there are no consistent benchmarks for how agencies should measure utilization or what is considered full utilization for federal office space, and this made maximizing space challenging. For example, one agency official said the biggest challenge to improving utilization was uncertainty about how to measure utilization in a high telework environment. While OMB directed agencies to consider collecting utilization data to support future space planning in June 2021, it did not specify benchmarks for agencies to use. Agency officials said that they have not yet developed utilization benchmarks that account for increased telework.

Not all agencies agreed with our approach to measuring utilization because they use different metrics for office space planning. For example, some agencies use a certain square footage per staff person, while others count physical workspaces. Furthermore, we found that agencies use a mix of badge swipes, network logins, self-reporting, or guard tracking to measure attendance at their headquarters and generally did not track attendance in the field. These differences feed into additional differences in how agencies measure building capacity. Department of Homeland Security officials noted that capacity is relative to how each agency calculates utilization and each federal agency may measure utilization differently. Consequently, capacity could vary even for agencies with the same amount of space. One agency official said that a lack of consistent methods and measurements can contribute to agencies remaining in a wait-and-see mode until there is consensus on how to proceed.

Agency officials questioned if pursuing 100 percent utilization based on attendance made sense due to likely fluctuations in daily attendance. Besides telework, agencies noted that there are other reasons why an employee may not be occupying office space on any given day, including off-site training, official travel, temporary duty, flexible work schedules, annual leave, and sick leave. Some agency officials stated that in these cases, the employee’s seat may be empty but unavailable for other employees to occupy. For this reason, multiple agency officials suggested that calculating utilization based on peak attendance better represents their space needs.

In conclusion, the pandemic has lowered the utilization of headquarters office space and may have added to the amount of unneeded space that existed prior to the pandemic. While all agencies have resumed in-person operations, it is clear that the federal workplace has evolved as agencies have embraced hybrid and remote office environments. This moment presents a unique opportunity to reconsider various aspects of the federal government’s real property portfolio and how best to align the portfolio with future needs.

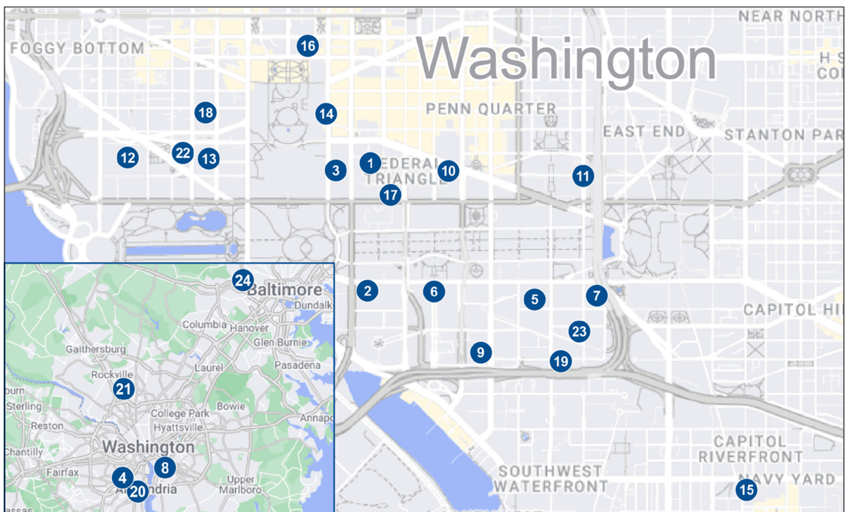
We shared a draft of our written testimony with all 24 federal agencies and OMB. The General Services Administration and the Department of Veterans Affairs provided comments, which are reprinted in appendixes II and III. Several agencies provided technical comments, which we incorporated as appropriate.

Chairman Carper, Ranking Member Capito, and Members of the Committee, this completes my prepared statement. I would be pleased to respond to any questions that you may have at this time.

Appendix I: The 24 Agency Headquarters Buildings

The headquarters buildings of the agencies in our review are located in or near Washington, D.C. (see fig. 6 and table 1).

Figure 6: Location of Federal Real Property Council Agency Headquarters Buildings



1. Agency for International Development (Ronald Reagan Building)
2. Department of Agriculture (Whitten and South Buildings)
3. Department of Commerce (Herbert Hoover Building)
4. Department of Defense (The Mark Center)
5. Department of Education (Lyndon Baines Johnson Building)
6. Department of Energy (Forrestal Building)
7. Department of Health & Human Services (Humphrey Building)
8. Department of Homeland Security (St. Elizabeth's Center Building)
9. Department of Housing & Urban Development (Robert C. Weaver Building)
10. Department of Justice (Robert Kennedy Building)
11. Department of Labor (Frances Perkins Building)
12. Department of State (Harry S. Truman Building)
13. Department of the Interior (Stewart L. Udall Building)
14. Department of the Treasury (Treasury Building)
15. Department of Transportation (William T. Coleman Jr. Building)
16. Department of Veterans Affairs
17. Environmental Protection Agency (William J. Clinton Building)
18. General Service Administration
19. National Aeronautics and Space Administration (Mary W. Jackson Building)
20. National Science Foundation
21. Nuclear Regulatory Commission (White Flint Buildings #1 & #2)
22. Office of Personnel Management (Theodore Roosevelt Building)
23. Small Business Administration
24. Social Security Administration (Arthur J. Altmeyer Building)

Sources: Google Maps and GAO. | GAO-23-107060

Table 1: Agency Headquarters Buildings

Agency	Main Headquarters Building Name	Address
Agency for International Development	Ronald Reagan Building	1300 Pennsylvania Ave NW
Department of Agriculture	Whitten and South Buildings	1400 Independence Ave SW
Department of Commerce	Herbert Hoover Building	1401 Constitution Ave NW
Department of Defense	The Mark Center	4800 Mark Center Drive, Alexandria, VA
Department of Education	Lyndon Baines Johnson Building	400 Maryland Ave SW
Department of Energy	Forrestal Building	1000 Independence Ave SW
Department of Health and Human Services	Humphrey Building	200 Independence Ave SW
Department of Homeland Security	St. Elizabeth Center Building	300 7th Street SW
Department of Housing and Urban Development	Robert C. Weaver Building	451 7th Street SW
Department of Justice	Robert Kennedy Building	950 Pennsylvania Ave NW
Department of Labor	Frances Perkins Building	200 Constitution Ave NW
Department of State	Harry S. Truman Building	2201 C Street NW
Department of the Interior	Stewart L. Udall Building	1849 C Street NW
Department of the Treasury	Treasury Building	1500 Pennsylvania Ave NW
Department of Transportation	William T. Coleman Jr. Building	1200 New Jersey Ave SE
Department of Veterans' Affairs		810 Vermont Ave
Environmental Protection Agency	William J. Clinton Building	1200 Pennsylvania Ave NW
General Service Administration		1800 F St. NW
National Aeronautics and Space Administration	Mary W. Jackson Building	300 E Street SW
National Science Foundation		2415 Eisenhower Ave
Nuclear Regulatory Commission	White Flint Buildings #1 & #2	11555 Rockville Pike, Rockville, MD
Office of Personnel Management	Theodore Roosevelt Building	1900 E Street NW
Small Business Administration		409 3rd St. SW
Social Security Administration	Arthur J. Altmeyer Building	1500 Woodlawn Dr, Baltimore, MD

Source: GAO summary and analysis of information from 24 federal agencies. | GAO-23-107006

Appendix II: Comments from the General Services Administration

GSA

The Administrator

July 5, 2023

The Honorable Gene L. Dodaro
Comptroller General of the United States
U.S. Government Accountability Office
Washington, DC 20548

Dear Comptroller General Dodaro:

The U.S. General Services Administration (GSA) appreciates the opportunity to review and comment on the U.S. Government Accountability Office's (GAO) draft report, *Federal Buildings Remain Underutilized Due to Longstanding Challenges and Increased Telework* (GAO-23-106200). In particular, the report underscores that in order for GSA to better optimize the Federal real estate footprint, agencies need access to resources to modernize and reconfigure space. For GSA, that means having full and on-going access to the Federal Buildings Fund (FBF) to make critical improvements in federally owned buildings and consolidate out of leased space.

Ways of working in offices have changed following the pandemic and will continue to change—particularly as organizations continue to leverage new technology and appropriate hybrid working arrangements. As a result, calculating appropriate building utilization rates will be an ongoing challenge as standards and methodologies for measuring utilization (both at GSA and in industry) remain unsettled.

That said, GSA recognizes the unique opportunity that these emerging working arrangements and technologies present to right size office space requirements and reduce long-term real estate costs. The GSA team stands ready to help agencies optimize their real estate portfolios. However, to do this effectively and expeditiously, GSA needs full access to annual collections in the FBF and streamlined authorities to reconfigure space and dispose of unneeded real estate assets. Those tools will help GSA to catalyze opportunities for consolidation and co-location and accelerate optimization of the Federal real estate portfolio. As the draft report points out, funding is needed to reconfigure existing facilities to better support new ways of working and support consolidations out of leased space into the owned inventory. Since fiscal year 2011, the FBF has been underfunded by almost $13 billion, and the primary impact of that underfunding has been on the New Construction and Repairs and Alterations accounts, which are both integral to supporting consolidation activities. The lack of full access to the FBF has resulted in missed opportunities for consolidations and co-locations and continues to delay efforts to reduce the Federal Government's real estate footprint and save money.

Thank you again for your work on this matter and for giving GSA the opportunity to provide feedback. If you have any questions or concerns, please contact me at (202)

U.S. General Services Administration
1800 F Street NW
Washington DC 20405-0002
www.gsa.gov

2

929-7277 or Gianelle Rivera, Associate Administrator, Office of Congressional and Intergovernmental Affairs, at (202) 501-0563.

Sincerely,

Robin Carnahan
Administrator

cc: David Marroni, Acting Director, Physical Infrastructure Issues, GAO

Appendix III: Comments from the Department of Veterans Affairs

DEPARTMENT OF VETERANS AFFAIRS
WASHINGTON

July 3, 2023

Mr. David Marroni
Acting Director
Physical Infrastructure
U.S. Government Accountability Office
441 G Street, NW
Washington, DC 20548

Dear Mr. Marroni:

The Department of Veterans Affairs (VA) has reviewed the Government Accountability Office (GAO) draft report: ***Federal Real Property: Federal Buildings Remain Underutilized Due to Longstanding Challenges and Increased Telework*** (GAO-23-106200).

The enclosure contains general comments to the draft report. VA appreciates the opportunity to comment on your draft report.

Sincerely,

Tanya J. Bradsher
Chief of Staff

Enclosure

Enclosure

Department of Veterans Affairs (VA)
Comments to Government Accountability Office (GAO) Draft Report,
FEDERAL REAL PROPERTY: Federal Buildings Remain Underutilized Due to Longstanding Challenges and Increased Telework
(GAO-23-106200)

General Comments:

While the report cites low utilization rates, it does not identify what the ideal utilization should be, how it should be measured or whether there is a recommendation for a more consistent government-wide methodology for measuring.

It is longstanding Department of Veterans Affairs (VA) policy to use 200 usable square feet (USF) per person, rather than the 180 USF per person stated in this GAO report. The GAO's methodology lowers VA's utilization rate.

VA also recommends the below grade spaces and spaces under renovation at 810 Vermont Avenue headquarters be excluded from office utilization calculations. The below grade spaces house close to 89,000 USF of primarily storage and support spaces like the cafeteria, mail and IT operations (with very little office space). The spaces under renovation are unoccupied and not available as office space. When one excludes the below grades and space under renovation and uses the utilization rate of 200 USF per person, VA's average daily occupancy increases to 22% from GAO's estimate of 14%. Even using the GAO's 180 USF per person, VA's occupancy rate would be approximately 20%.

The report should recognize efforts made since the start of the COVID-19 pandemic to reduce office space in the National Capital Region (NCR). For VA, that includes a reduction of 242,000 USF/ 282,000 RSF (Rentable Square Feet) of leased office space in the NCR since quarter 4 of fiscal years 2020. The reduction represents a 16% reduction in the VA Central Office portfolio and an annual lease cost avoidance of $15.5 million. The GAO report contains no recognition of the substantial progress that the VA has achieved in addressing the problem being analyzed.

Department of Veterans Affairs
July 2023

Page 1 of 1

GAO Contact

David Marroni, (202) 512-2834 or marronid@gao.gov.

Staff Acknowledgments

In addition to the contact named above, GAO staff who made key contributions to this report are Keith Cunningham (Assistant Director); Nelsie Alcoser (Analyst in Charge); Viktoria Beck; Melissa Bodeau; Emily Crofford; Georgeann Higgins; Scott Hiromoto; Terence Lam; Jodi Lewis; Josh Ormond; Asia Thomas, Zachary Wagner; and Elizabeth Wood.

Senate Committee on Environment and Public Works
Hearing Entitled *"Oversight of the General Services Administration: Examining the Federal Real Estate Portfolio"*
September 27, 2023
Questions for the Record for David Marroni

Chairman Carper:

1. **The reliability of federal real property data is a significant reason why the General Services Administration's (GSA) property management remains on the Government Accountability Office's high-risk list.**

    a. **Why is reliable real property data important?**

    b. **What is the federal government doing to improve data reliability?**

Answer: Reliable real property data is important as the foundation for agencies to make informed strategic decisions about their real property footprints. Further, the absence of such data compounds other problems, including the continued presence of excess property.

In our April 2023 High Risk Update, we reported that the federal government has continued to take actions to improve real property data reliability. GSA and the Department of Defense (DOD) have continued to demonstrate leadership commitment in improving their data reliability. For example, GSA added goals to its fiscal year 2022-2026 strategic plan to improve the accuracy of its government-wide real property data in the Federal Real Property Profile database, which was established by the Federal Real Property Council with GSA. DOD also committed to a timeline for improving its Real Property Assets Database. In addition, in November 2020 the Federal Real Property Council and its data governance working group developed a tool that agencies can use to help identify incorrect or incomplete location data in the database.

However, GSA's efforts to improve the accuracy of addresses in its Federal Real Property Profile database have yet to show tangible results. This makes it difficult to manage federally *owned assets. GSA officials said they would monitor the effect of the geospatial tool in the fiscal year 2022 data that GSA will release in 2023.*

2. **In your testimony, you mention that underutilized federal buildings often have significant environmental costs.**
    a. **What actions could the GSA take to reduce the environmental impact of the federal real estate portfolio?**

Answer: Federal office buildings have environmental costs. Some of these costs could be unnecessary as federal agencies have long struggled with excess and underutilized space. The amount of space identified as excess is likely to increase as agencies re-evaluate their space needs after the COVID-19 pandemic. However, the process for disposing of federal assets remains complex.

Any reduction in office space that GSA could implement could reduce environmental costs. For example, GSA has already renovated and reduced its current real estate footprint. According to a 2023 GSA presentation, these efforts reduced its energy consumption by 50 percent, saving $6.5 million annually.

Emissions—and their associated monetary costs—are still generated with underutilized space because agencies continue to operate buildings even when staff are not in the office. While it is difficult to estimate the environmental impact of any individual building, commercial buildings in the country overall are responsible for 35 percent of the electricity consumed in the U.S. and generate 16 percent of all U.S. carbon dioxide emissions, according to the Department of Energy. GSA could further reduce environmental costs by consolidating leased or owned federal properties into underused space and then not renewing the leases or disposing of the owned properties.

3. **What are the challenges and benefits that surrounding communities face when a federal building goes through the disposition process?**

    a. **Please provide any case studies that highlight challenges or benefits to communities after a federal building is disposed of.**

Answer: Local governments and business interests in the communities where federal buildings are located often view those facilities as the physical face of the federal government and can build barriers to real property disposals. However, continuing to hold property that is unneeded does not present a positive image of the federal government in local communities. Instead, it presents an image of waste and inefficiency that erodes taxpayers' confidence. It also can have a negative impact on local economies if the property is occupying a valuable location and is not used for other purposes or sold.

Unneeded federal properties and land could be put to productive use in local economies. For example, the private sector successfully converted an unneeded post office in Washington, D.C., into a hotel. In addition, we previously found that old courthouses have been converted into a variety of private sector spaces. Representatives of the new owners of six old courthouses we reviewed told us that the buildings were being used—or will be used—for an art center, hotel, bank, affordable housing, church administration, and office space. Selling a federal building to the private sector also can increase the local tax base, as federal buildings are generally exempt from local taxes.

Senator Markey:

1. **To quantify the saving opportunities from making the General Services Administration (GSA) more efficient, please outline what GAO estimates to be the return on investment if GSA completed its backlog of deferred maintenance and disposed of excess assets.**

Answer: We reported in 2022 that civilian agencies' estimates of deferred maintenance and repair costs increased from $51 billion to $76 billion (about 50 percent) from fiscal year 2017 through fiscal year 2021, according to data in agencies' annual financial reports. As we and others have reported, deferred maintenance and repairs can have consequences, including limiting the ability of agencies to carry out their missions and prematurely worsening the condition of assets. Agencies have annually reported billions of dollars in estimated deferred maintenance and repair costs on their real property assets, representing substantial costs the federal government may have to pay in the future. Future costs to address the deferred maintenance and repairs thus create a potential fiscal exposure for the government.

The return on investment in addressing the backlog of deferred maintenance could be sizable. Closing the backlog would avoid or delay higher maintenance, repair, operating costs, or premature replacement of systems throughout the life of the building. However, it is difficult to quantify the specific return on investment of preventative repairs.

The return on investment in selling excess federal real property could also be sizable. Regarding the disposal of excess federal real property, we have reported on the Federal Assets Sale and Transfer Act of 2016 (FASTA), effectively a 6-year pilot program that established a new temporary approach for reducing the federal government's inventory of federal civilian real property. FASTA was intended to test concepts that could mitigate several long-standing disposal challenges, including lengthy processes related to statutory and regulatory requirements and a lack of upfront funding. However, the FASTA process has encountered *numerous setbacks during its first two rounds. For example, it took almost 2 years to sell any of the properties OMB approved for disposal during the first round in 2019.*

a. Similarly, what does GAO estimate the scale of return on investment would be for reconfiguring a federal building currently with one tenant/agency into a space whereby two other single-occupancy federal building tenants may consolidate into and dispose of their respective two buildings?

Answer: The costs and return on investment would vary on the buildings involved. *Reconfiguration and consolidation of space to allow for agency colocation would save money in a couple ways. The reconfiguration would allow for more efficient use of the space—allowing more workers to fit into a smaller space. It would also allow the federal government to dispose of the buildings that are no longer used, saving annual operating costs and possibly earning income from a sale. Factors affecting the costs and scale of return on investment of such efforts could represent a topic for future study.*

2. Approximately how many federal dollars does GAO estimate could be saved if the majority of tenants/agencies currently in leased buildings were to move into federally owned buildings with occupancy rates above 80%?

Answer: Federal agencies spend about $5 billion annually to lease office space. As of April 2023, GSA managed 7,685 leases, totaling nearly 180 million square feet of space. More than half of GSA's leases (4,108 out of 7,685), which account for more than 83 million square feet of space, have expiration dates scheduled for calendar years 2023 to 2027. Allowing unneeded leases to expire would directly reduce costs. Potentially, employees and contractors in leased space could move to federally owned office space that is underutilized. We reported in July and September of 2023, that 17 of the 24 Federal Real Property Council federal agencies used on *average an estimated 25 percent or less of the capacity of their headquarters buildings in selected weeks during January, February, and March.*

GAO does not have estimates on how much could be saved if agencies moved employees and contractors from leased space to federally owned space. We also do not have current estimates on how many federal employees and contractors are currently working in leased space. However, agencies may need additional budget resources to modify their existing office space to accommodate new office workers. Agency officials ranked the need for additional budget resources to reconfigure their spaces to support a hybrid office environment—one with a mix of in-office and remote staff—as the top challenge to increasing utilization of their headquarters building. Specifically, they said they would need to transform traditional office configurations into hybrid offices, allowing for more efficient use and better support of office sharing. For example, USDA officials said that updating their two-building headquarters to support higher density and office sharing would require millions of dollars of investments.

Senator Ricketts:

1. **Has the Government Accountability Office (GAO) completed a study of life cycle leasing costs compared to the cost of owning federal buildings, including deferred maintenance?**

Answer: Our prior work has shown that building ownership often costs less than operating leases, especially for long-term needs for space. For example, GAO estimated that full, upfront funding for the Department of Transportation's headquarters building might have saved up to $1.2 billion by allowing construction of a new headquarters versus leasing the office space. However, GSA leased the space for years and eventually purchased the building that it had leased. In 1998, GSA proposed consolidating several DOT leases with the construction of a headquarters building for $294 million. Congress directed GSA to lease a headquarters building for DOT, and from 2006 to 2020, GSA spent $753 million leasing the DOT headquarters building. Then, in March 2020, GSA purchased the DOT headquarters building for an additional $768 million. We reported in 2008 that, in 10 leases, decisions to lease space for long-term needs—space which would have been more cost-effective to own—were driven by the limited availability of capital for ownership and other considerations, such as security and operational efficiency. For four of the seven GSA leases we analyzed, leasing was more costly over the long term than construction— by an estimated $83.3 million over 30 years. Calculating the effects of deferred maintenance on these projects was outside the scope of that work.

2. **Has GAO quantified how much money could be saved by disposing of underutilized federal buildings and shifting that demand to the private sector, in markets like Washington, DC, instead of investing millions in maintaining an oversized federal portfolio?**

Answer: Though we have quantified the amount of excess federal building space and identified potential savings associated with reducing the federal government's surplus real property, we have not yet quantified the amount of the missed savings. The federal government has a long history of retaining excess and underutilized space, which has kept federal real property *management on GAO's High-Risk List since 2003. Our September 27, 2023, testimony before the Senate Environment and Public Works Committee took the first steps toward quantifying the amount of excess building space possessed by the federal government in the post-pandemic. Our report found that 17 of the 24 Federal Real Property Council federal agencies used on average an estimated 25 percent or less of the capacity of their headquarters buildings in selected weeks during January, February, and March. No agencies used greater than about 49 percent of their building capacity on average. GAO has determined that there are opportunity costs associated with underutilized federal office space. These costs include forfeiting potential financial savings from alternative uses, like selling federal buildings to private sector buyers. Additionally, relieving the federal real property portfolio of excess and underutilized office buildings would reduce the costs of operating, maintaining, and leasing these spaces.*

Senator CAPITO. Thank you. Thank you both.

I am going to yield to my good friend, Senator Ricketts, to be the first one to question.

Senator RICKETTS. Great, thank you very much for your leadership on this issue, Ranking Member Capito, and I also appreciate Chairman Carper bringing this up as well. It is far past time that we reevaluate the Federal Government's work force and infrastructure needs here, and certainly the testimony we have heard today says that it is long overdue.

This issue has been around for a while, but before we get into that, I actually want to talk about another issue that is of great importance to my home State, which deals with the Inspector General releasing a report last week, or a memo, alerting the GSA Public Building Service of the contamination of legionella bacteria in six GSA controlled buildings across the country. Low occupancy levels in these buildings and subsequent water stagnation led to the growth of bacteria, the primary cause of Legionnaire's disease.

One of these buildings is located in North Platte, Nebraska. It is a building that houses essential services, including the Social Security Administration, North Platte VA Clinic, the FBI, ICE, and several others.

Commissioner Albert, OIG notified your office of the need to test the water contamination before reopening the buildings that experienced lower occupancy during the pandemic in September 2022. GSA's Public Building Service currently has no requirement for testing potable water systems in their own re-leased buildings, even after they sat vacant, and the water stood, standing through the pandemic. In the week since this alert memo has been made, what has the GSA done to protect human health in the affected buildings?

Ms. ALBERT. Thank you for this question. As soon as we learned about legionella bacteria in certain buildings, we immediately notified tenants. That is first and foremost just because human health is at risk.

We also contacted and are working very closely with the CDC and also ASHRAE, which assists with technical support, trying to identify what the appropriate response is and what we as buildings managers should be doing.

The two things that are most critical for managing and moving water through and making sure that water quality is good is one, flushing of the water systems. So we are now systematically doing that throughout all of our buildings.

In the past, when buildings were occupied more readily, that water flushing activity would occur just more frequently, and it is, frankly, a result of the pandemic that stagnation has occurred. Now, we are flushing throughout our systems to make sure that that water is moving.

The other thing is, we are testing in all of our buildings, which is the primary way of identifying if there is any bacteria that is forming, and when there is, making sure that the chlorine levels and other types of corrective chemical treatment to water, to eliminate that bacteria, is dealt with. This is something that we are dealing with across our entire portfolio.

We also issued a notice and an alert to landlords of private leases where we lease space to make sure that they are also aware of what protocols we are putting into place. These protocols that we are moving forward with are among the first in the Nation. These are things that everybody is learning about for the first time, and so I think communication, testing, and then corrective action is what we have been able to achieve in a very short period of time in response.

Senator RICKETTS. So, have you had any reports of any of the employees or visitors becoming sick in any of these facilities?

Ms. ALBERT. We are aware of one individual who was confirmed with legionella infection and is being treated.

Senator RICKETTS. Was that in Nebraska, or is that someplace else?

Ms. ALBERT. It is not in Nebraska; it is elsewhere.

Senator RICKETTS. OK, thanks.

You talked about flushing the buildings. Is that the only corrective action you are going to need to do, or are there going to be other things that you need to do with regard to the bacteria?

Ms. ALBERT. Testing and flushing. Both of those things are what help us identify. Well, the flushing is actually just moving things along, and that we can do just as part of common practice, but the testing is really the new element that we have introduced into this.

Senator RICKETTS. But you don't think you are going to have to do anything else as far as remediation, other than just get the water moving through?

Ms. ALBERT. When it is identified when the tests reveal that there might be a presence of legionella, we are closing down. Legionella is a bacteria that forms around a fixture or around a particular element. It doesn't necessarily spread to the whole building if you can isolate that fixture.

Where we identify, and many of our buildings are quite large, that there is a presence, we will try and control it by managing in those particular areas where the bacteria is forming.

Senator RICKETTS. OK, great. Thank you very much.

Obviously, this is something that we are going to follow up with you with regard to the North Platte office, and just making sure we keep in touch with regard to what the cleanup is going to be and making sure we are looking out for the health and safety of the folks that work there, as well as the visitors coming there.

Ranking Member Capito, or Chairman Carper is back, very good, are we going to do a second round of questions?

Senator CARPER [presiding]. I believe so, yes.

Senator RICKETTS. OK, great.

Senator CARPER. Senator Capito, thank you very much for presiding. I am happy to be back. We did our work in the Homeland Security and Governmental Affairs Committee, and now we will conclude our work here today.

I have a couple of questions. My first question would be, I think, for both of you. I would like both of you to take a shot at this, if you would.

I am concerned with July's GAO report on space utilization of Federal agency headquarters buildings. It is troubling to me that, as I said earlier, GAO found, on average, Federal headquarters buildings had an occupancy rate of about 25 percent.

Mr. Marroni, Commissioner Albert, I often like to quote Albert Einstein, who once said that in adversity lies opportunity. In adversity lies opportunity. As I mentioned in my statement, more than 50 percent of GSA's managed leases are set to expire by 2027, about 50 percent of GSA's managed leases are set to expire by 2027.

How should GSA capitalize on these expiring leases to address the low occupancy rates in Federal buildings, please?

Ms. ALBERT. I will take the first shot at that, and then I will turn it to my colleague here.

I believe that these expiring leases are a great opportunity. What we are learning already is that as an expiring lease is coming due, we start working with agencies very closely about 2 years in advance of a lease expiration, identifying what their future space needs are, where they could consolidate to save money, and start planning those moves in advance. The conversations are happening right now.

We are finding that, first of all, we are relying on a practice that we have put into place for the past 5 years in terms of having that early conversation with tenants that we have been in the past been able to save significant amount of lease cost as a result of proper planning.

In the last 5 years, we have saved over $6 billion in lease cost avoidance. That is a tremendous track record that we absolutely will build on going forward.

You mentioned the underutilization of buildings in the Washington region, for example. What we are finding now is the agencies are looking at their building capacity and identifying lease expirations in this region, and when appropriate, trying to pull those leases into federally owned properties, again, when their building is in good enough condition to be able to accept it, whereas Mr. Marroni mentioned earlier, if the configuration of the building is appropriate for whatever that use is.

I think that the lease expirations are absolutely the right trigger. We are seeing agencies make good decisions. They are reducing the ones that have occurred in the last 3 years. We are seeing reductions in lease requests by anywhere between 25 to 40 percent. So the good work is being done, but it is a process, particularly when we are looking to backfill federally owned property, because of the challenges that Mr. Marroni highlighted.

Senator CARPER. Thank you.

Mr. Marroni, same question please.

Mr. MARRONI. Very good.

It certainly is an opportunity with that number of leases expiring and with the underutilization of properties that we have highlighted today.

I concur that agencies are making decisions on both their in office attendance policies, which drives some of this, as well as what their space needs are. They need to act promptly, given the timeframes we are talking about here, and figure out how much space they really need in owned buildings and in lease facilities and to the extent it makes sense to move from lease facilities into owned space. That is a good path forward.

Again, given that timeframe, it is an opportunity. It is a short term opportunity, so it is important to be taking the actions that Ms. Albert described.

Senator CARPER. OK.

Are there any additional ways to address space utilization within GSA's existing authorities?

Ms. ALBERT. Right now, our authorities allow us to evaluate, work with agencies, and try and drive utilization through the authorities that we have. The challenges that we really have are access to the Federal Buildings Fund. I just want to spend 1 minute on why this is so important.

Senator CARPER. I am not surprised. This is a pitch well telegraphed. Go ahead.

Ms. ALBERT. For example, the Federal Buildings Fund is the fund into which it was designed to be a quasi-revolving fund. We collect revenue from agencies for rent. That money gets reinvested in buildings to maintain them. The fund is also where all of the sales proceeds from dispositions are deposited and any other collections we have. That money, if it could be designed or maintained as a quasi-revolving fund, gets put back into supporting agency moves, consolidations, capital improvements, so that folks can fully occupy buildings.

We have had, as I mentioned in my oral testimony, every year, about a billion dollar shortfall in getting access to the Federal Buildings Fund. We have seen that in the last 12 years since that has been the case, our liabilities within our own portfolio growing significantly to currently being more than $11 billion.

What does that practically mean for an agency that is in a leased space that wants to move into a Federal building? Now, the Federal building condition is not as good as what they could buy on the lease market, and it is because we haven't been able to maintain our buildings the way that we should.

There is an inherent inefficiency in not getting full access to the revenues that we collect that are designed to be put back into buildings. That is one of the authorities that we are seeking. The other thing is, during this time, an opportunity——

Senator CARPER. Just hold it right there, if you would. Are there other examples in the Federal Government, like Harbor Maintenance Fund, that could be something, maybe it might serve as an example? Just take a minute on that.

Ms. ALBERT. Sure. The Harbor Maintenance Trust Fund is something that was designed almost, very similarly and comparably to the Federal Buildings Fund. Those were funds that the U.S. Army Corps of Engineers was collecting from the private sector, putting it into a fund, and it was designed to repair, maintain ports or other waterways.

Again, they hadn't had full access to that, so they are collecting the fees. It is going into a pot, but it is not being used for its designed purpose. As a result, I know that the Congress and the Army Corps of Engineers worked together for almost two decades to get the Harbor Maintenance Trust Fund authorities and access restored.

Senator CARPER. Only two decades?

Ms. ALBERT. I am hoping that, now that Congress has understood the value of the Harbor Maintenance Trust Fund, you will understand the value of getting full access to the Federal Buildings Fund.

Senator CARPER. Yes. Well, my colleagues also hear me say, and this is a quote from Einstein that they all say, find out what works, and do more of that. This is maybe one that we can take a close look at. Go ahead.

Ms. ALBERT. There is one other thing that we have requested, and I think it is a really important point. It is not sexy, but it is important for efficiency. We have requested increase to our prospectus threshold.

Right now, GSA's prospectus threshold is $3.6 million. That means that any investment in a building that exceeds $3.6 million, whether it is an elevator repair, a roof repair, a boiler replacement, a chiller replacement, which, by the way, on a building of this scale and size, tends to be over $3.6 million, has to come to Congress.

That, internally, from GSA's perspective, as well as through the congressional process, takes up to 2 years to get approval. That means that that repair that was identified more than 2 years ago has escalated in cost and has contributed to greater deteriorating conditions.

We are requesting that our prospectus threshold get increased to $10 million. We think that that is appropriate when we look at other agencies that have similar authorities.

For example, the VA, their prospectus threshold is $20 million. The DOD doesn't have a prospectus threshold and are permitted to invest in like kind replacement, so a boiler for a boiler, without any prospectus threshold. Those are the two pieces of legislation that I think have an immediate impact on ability to consolidate. And then in terms of the ability to dispose more quickly——

Senator CARPER. I am going to ask you to hold it right there. I am way over my time. We will come back and pick up on this when it is my turn again.

Senator Capito, thanks for your patience.

Senator CAPITO. Thank you.

Commissioner Albert, in June, the GSA announced its plan to spend a billion dollars, that is from the IRA, to make more than 100 buildings cleaner and more energy efficient. Did the GSA look at the space utilization rates for each of those buildings to determine whether this is the best use of our dollars?

Ms. ALBERT. Absolutely. For the past year, what we have been doing is looking through our entire inventory, identifying what we call segmenting the inventory into core assets. These are assets that the Federal Government should reinvest in because it serves a special need for the Federal Government.

We have also identified candidates for disposition. And then there is kind of the bulk, if you will, of the assets that we are transitioning through.

Those 100 buildings that were proposed and that we are moving forward with improving through Inflation Reduction Act funds are core assets. These are assets that the Federal Government should continue to own over the long term, and that we would be best served by investing those funds into.

Senator CAPITO. So those are probably assets that I would say probably don't need the Federal Building Trust Fund money, because they are probably in good shape anyway.

Ms. ALBERT. Well, I would not conclude that. The Inflation Reduction Act money is for very specific uses. The Federal Buildings Fund has much more flexibility in being able to pay for moves for agencies, and for other improvements.

Senator CAPITO. Right. So just so I understand, so the 100 buildings, we will do the emissions, sustainable technologies, but the buildings may not be in good shape, for room and space utilization?

Ms. ALBERT. Correct. It may not be properly configured.

Senator CAPITO. Why are we doing that? Why would we pick another building that has the great configuration and that you are matching up both missions, so that you then have, you don't have to worry about whether you have to maintain them or the bathrooms work or whatever? You see what I am saying?

Ms. ALBERT. In terms of configuration, it is very common even in the private sector that you are constantly reconfiguring space inside a building. I don't consider that building condition. The building condition to me is the core and shell, is the plumbing working, is the heating working, is the roof in good shape.

So for example, the IRA dollars, particularly the $1 billion for emerging and sustainable technologies, is not replacement of a roof. That would be used for replacement of the heating and cooling systems, to make them all electric, for example. That is the purpose of the IRA dollars.

In a Federal building, we may need both of those things to be true, to replace the roof and make that building envelope sound, as well as modernizing the heating and cooling.

Senator CAPITO. Quick question on the Federal buildings. You say a billion dollars is being taken from it every year. How much is in that every year, yearly?

Ms. ALBERT. It varies from between $10 billion to $11 billion a year.

Senator CAPITO. So a 10 percent cut is taken.

Ms. ALBERT. Correct.

Senator CAPITO. And they got another $10 billion to make these buildings right.

Ms. ALBERT. And $5.6 billion of that is for payment of leases.

Senator CAPITO. OK. So you are saying that the standard utilization, you are looking at the standard utilization before you make these investments in these buildings.

Mr. Marroni, without a standard utilization benchmark, do you have concerns that investment decisions are being made with incomplete information? What I am understanding is, these agencies don't have standardized utilization benchmarks. Are they all over the place? Do some have them, some do not? What did you find?

Mr. MARRONI. In terms of the utilization measures, there is a range of benchmarks right now that are used, 180 square feet, 210, 150, it varies by agency. There isn't a specific utilization benchmark, which is an important area of focus, I think, going forward, is to come up with not necessarily a one size fits all benchmark for every type of space, but some more consistent benchmarks, more consistent targets for how we measure space and how we determine what is fully utilized.

Senator CAPITO. Right, and then you have the situation where people are coming in 2 days every 2 weeks for 4 hours a day. Shouldn't that be shared space? Then that cuts the space utilization, right?

Mr. MARRONI. Correct.

Senator CAPITO. Are agencies doing that?

Mr. MARRONI. Some are. It depends.

Senator CAPITO. How do we get them all to do that?

Mr. MARRONI. Agencies are making the decision with their in office attendance policies of how they are going to implement.

Senator CAPITO. Is that done at each agency? I don't mean to interrupt you here, but I am interested in this. Is that done at the agency? Or does the GSA say, you have to have a space utilization that looks at what your telecommuting policies, which I personally don't like, what we are seeing here, but that doesn't matter what I like, I guess. Who makes that decision?

Mr. MARRONI. The agencies are deciding on their in office attendance.

Senator CAPITO. Right. They decide the attendance. So everybody has got a different benchmark, then. Wouldn't it be good to have sort of a uniform benchmark, to be able to make better fiscal decisions?

Mr. MARRONI. It would be good to have more consistent benchmarks governmentwide. Again, not necessarily one size fits all, overly prescriptive.

Senator CAPITO. Right, because we have some people who don't work in the office.

Mr. MARRONI. Right, different types, but it would be good to have better benchmarks than we have, that account for higher levels of telework.

Senator CAPITO. Right. Do you know approximately how many properties are currently unoccupied in the Public Building Service? I guess this would be to you, Commissioner Albert. How many properties in the Public Building Service's inventory are currently unoccupied?

Ms. ALBERT. We hardly have any buildings unoccupied. We have buildings that are underutilized. But buildings that are unoccupied usually move to the disposition list, or we will eliminate——

Senator CAPITO. But doesn't the GAO report say that you are really not moving quick enough, the consistent reports over the last 20 years, is you are really not dispensing of this property as quickly and the authorities that we were giving you here in Congress are not really working? I said that in my opening statement. Is that a true statement?

Ms. ALBERT. First of all, the relationship, and how all of this comes together is that the agency expresses what their demand or needs for space are. We supply that space. We have the expertise to inform them how to identify how much space they need, just to answer your earlier question.

OMB in the past has issued Freeze the Footprint and Reduce the Footprint. That has driven, over the past 10 years, 45 million square feet of space reduction. So there has been space reduction as a result of policy guidance.

Now is a good time for continued policy guidance. And at this moment, what is occurring is utilization in the GAO report has highlighted and indicated that there is underutilized space, particularly in the headquarters buildings. That is different out in the regions or field offices. You see different activity in buildings.

Where you see the greatest opportunity to contract is in general office space. For example, the VA and community based outpatient centers, we are expanding that program. So operational facilities may be expanding, but it is in general office space where telework is most frequently adopted, where you are seeing the greatest opportunity to consolidate.

In order to be able to consolidate and drive the cost savings that we ultimately want to get to, it takes money to facilitate those moves.

Senator CAPITO. Right. You have $10 billion a year.

Ms. ALBERT. Ten billion dollars a year, all of which is obligated; $5.6 billion goes to paying rent contracts, about $3 billion goes to operating and maintenance. Where we are seeing the greatest cuts in our budget is in repair and alteration, about 50 percent of our repair and alteration request every year is cut in half.

Senator CAPITO. Mr. Marroni, did your report get into any of this in terms of the Building Trust Fund, and that is the reason we can't sell buildings and can't consolidate?

Mr. MARRONI. We didn't get into the Building Trust Fund. We do identify, agency officials identify one challenges as having the funding needed to reconfigure space. It does take money to reconfigure, to consolidate. Sometimes you have to invest money to save money.

But we didn't get into detail about the Federal Building Fund itself. I think that is a balance between Congress' funding decisions and agency needs.

Senator CAPITO. Thank you.

Senator CARPER. Senator Cardin.

Senator CARDIN. Let me thank both of you for your service.

I am going to follow up on Senator Capito's point, maybe from a little bit different angle. Let me just refresh everyone's recollection that in the Inflation Reduction Act, Congress was very specific in providing resources, $2 billion for low carbon materials, $250 million for building retrofits, and $975 million for emerging sustainable technologies.

It was a focus on sustainability. And our responsibilities as the owners and occupiers of the Federal facilities to add to the sustainability efforts that we made as a Nation and part of our international responsibilities.

I want to get a better understanding of how you are dealing with the question that Senator Capito asked. How are you dealing with sustainability versus our square footage needs, so that we can have adequate space, but also comply with the clear direction by Congress?

Ms. ALBERT. Well, what is pretty elegant about this entire thing is that we can serve both needs. Investment in building and making them more usable makes them more attractive, so that we can consolidate out of leases and into owned facilities.

First of all, I want to share a little bit of the status of where we are in terms of placing funds from the Inflation Reduction Act. Two billion dollars of it was for low embodied carbon materials; that is in flat glass, concrete, asphalt and steel.

We have launched a pilot for 11 buildings. Investment in those 11 buildings represents $1 billion out of those $2 billion. That is really to socialize and get feedback from industry, the pilot is, to identify what specifications are acceptable and available for implementation. That is ongoing and should be wrapping up here before the end of the calendar year.

That will be setting the stage and the standard for the building industry, which is what GSA has done in the past when we adopted LEED 20 years ago. It has set the standard for what sustainable buildings can and should be.

As to the emerging and sustainable technologies funding, we have identified, as Senator Carper had mentioned in his opening remarks, $288 million to go into the DHS headquarters at St. Elizabeths. That is to make DHS campus a model for sustainability.

It also tells the consolidation story. That investment and ability to deliver on three more buildings at St. Elizabeths will further consolidate multiple leases around the national capital region.

Senator CARDIN. Let me interrupt you on that. The largest single project is the replacement complex for the FBI. I am not going to get into the battles on the specific locations, I am not even going to ask you about that. But it does give us a chance to really make a statement on sustainability.

Are we on track in the process to determine how we are moving forward and make a decision?

Ms. ALBERT. We are on track. We share your urgency, and we are aligned in making the decision as quickly as possible.

Senator CARDIN. I have heard that for about a decade.

[Laughter.]

Senator CARDIN. I hope that you will keep us engaged throughout that process. There is a lot of competition, but there is no disagreement on the need to move forward in regard to making that a model in regard to sustainability with the tools that are available. We look forward to that.

Let me talk about one existing structure that you should knock down and rebuild for many different reasons. That is the courthouse in Baltimore. It has the honor of being, let me get my numbers, built in 1970. It was noted as the least expensive courthouse per square foot. And we got what we paid for.

It is not only inadequate, we keep on pouring millions and millions of dollars into it for repairs and patchwork, but it is an example of a building that gives us the opportunity to meet the needs of the Federal bench, Federal courthouse in Baltimore, and at the same time balance that with sustainability.

Are you trying to identify projects like that, that are win-win projects, to get the needs met but also give us a chance to replace a carbon terrible building with one that would be best for sustainability?

Ms. ALBERT. Absolutely. I had mentioned that we have identified and segmented our portfolio into core assets, transitioning assets, and disposal candidates. Those core assets are those ones that we are seeking to make at the highest level of sustainability as well as other types of performance, including utilization. That is why the IRA dollars that we have been using, as well as directing most of our Federal Buildings Fund requests, capital improvements, to be in those core assets, which will again, not only drive the highest level of sustainability in those buildings, lead the market by doing so, demonstrating that it can be done, as well as maximizing utilization of that building.

Senator CARDIN. Thank you.

I would just really point out, as we have said many times, this is a once in a generation opportunity to make significant progress in our Federal buildings to deal with our responsibilities for sustainability. I hope that you will be aggressive, keep us engaged, and look at these buildings that need to be replaced or the new ones coming along, and show the Nation and show the world that we are taking the leadership on this issue.

Thank you, Mr. Chairman.

Senator CARPER. Senator Cardin, thank you for your long time interest in these issues. As we go forward from here and to the floor and take some action, we hope and expect you will be fully engaged. We welcome that.

We have been joined by Senator Markey and Senator Merkley.

Senator Markey, I think you are first, and Senator Merkley, you are right behind him.

Senator MARKEY. Thank you, Mr. Chairman, very much.

The Massachusetts emergency shelter system has 6,500 families right now and 22,000 individuals in a shelter system that is at capacity. The need for shelter will only increase during the winter.

The Federal Government is the single largest owner of real estate in the Nation. But much of the capacity goes unused. It is a no brainer that we ought to be converting surplus Federal assets into properties that may be used to provide emergency shelters, permanent housing, and services to the homeless.

Through partnership with the Department of Housing and Urban Development, GSA has already made thousands of properties available for housing, but more could be done.

Commissioner Albert, are you working to increase the number of suitable properties transferred from GSA to nonprofits and local governments experiencing severe shortages in housing and shelter space?

Ms. ALBERT. Thank you for that question, and we absolutely are. The circumstances in most of our buildings that are underutilized that could be made available for disposal or disposition for others to use is that they are not fully empty. So that is why we have requested full access to the Federal Buildings Fund. It is why we are asking for expanded authority for use of our disposal fund, so that that last remaining agency that might have a foothold in an underutilized building can confidently say, I am moving out, because I know where I am going, and has the funds to do that.

We have had a great track record of success in putting property on the market, either doing a government to government transfer, offering property for redevelopment with not for profits. And I specifically want to point to a recent success story in that, which is in Alameda, California, where we disposed of a piece of property and it was converted to 400 units of homeless supported housing.

So there are many examples of that. But the key to moving forward on any of that is being able to take that last small footprint of Federal use that is in a building and incentivize it or provide it with the resources to move out so that we can recycle those buildings for better use.

Senator MARKEY. So the GSA is willing, then, to transfer GSA lease buildings in whole or in part to nonprofits and local governments to be used for affordable housing?

Ms. ALBERT. Did you say leased buildings, sir?

Senator MARKEY. That is right.

Ms. ALBERT. That will be more complicated. Because there is a landlord, a private landlord that would need to agree to that. We don't control the building.

Senator MARKEY. Would you be willing to participate in a pilot project to accomplish that goal in leased buildings for the transference?

Ms. ALBERT. I would certainly be happy to talk to you about how we could effectuate something like that.

Senator MARKEY. I would like to work with you on that, to have a pilot project, so that we might be able to accomplish that goal. Thank you.

I am deeply alarmed that GSA is failing to address urgent safety issues and ongoing infrastructure deficiencies at the John F. Kennedy Federal Building in Boston. Senator Warren and I both have staff who work out of that building every day, 24 stories high. It is a complete Federal building, more than 2,000 people work in the JFK building, including GSA staff. Thousands of others come to the building for necessary appointments, for citizenship appointments, taxpayer assistance, veterans benefits, all those agencies are in the building.

There are several people who have already had issues, difficulty in ensuring that their voices can be heard, because the elevators routinely malfunction. They are dropping, they are trapping people for hours, delivering occupants to the wrong floor, idling useless after a floor button is pressed.

In one recent instance, it required hours long intervention of the Boston Fire Department to extricate trapped individuals in a malfunctioning elevator, with the incident appearing on Boston local television stations, because of the seriousness of the issue.

Conditions are unacceptably dangerous and inaccessible. Elevators, asbestos, and at 5:55 every day, all the lights go off, and the air conditioning, and heating, for the entire building. Individual offices cannot continue to work. Everyone has to get out.

So it doesn't seem like the elevators are going to be fully fixed until 2025. That can't be the speed at which our government works.

Commissioner Albert, do you think it is acceptable for your GSA colleagues, my staff, and thousands of other staff and visitors to be subjected to such ongoing building safety issues, not just for months but now for multiple years?

Ms. ALBERT. I absolutely do not think it is acceptable. Life safety investments are our top priority and largest concern now. The reasons that buildings like the JFK building in Boston are in the condition they are in is specifically tied to the limitations in access to the Federal Buildings Fund.

I don't want to exaggerate that. That is an actual example of how our lack of access to the Federal Buildings Fund to maintain life safety equipment and systems has not been able to be met.

The need at JFK in particular, we requested in fiscal year 2022 $150 million to make improvements to all of JFK. So we identified more than 4 years ago the needs to reinvest and improve JFK. We unfortunately didn't get the money in fiscal year 2022, and now we have been able to invest one by one, we have spent $9 million on those elevator systems. But because of the prospectus threshold, we are having to invest in each elevator system one by one, because it would take 2 years if we were to make an investment that exceeds the prospectus threshold.

So in order to address the elevator concerns, we have been moving forward as quickly as we can. But we are having to go one by one, rather than address the total needs of the building.

Senator MARKEY. Clearly, this isn't working. So we have to figure this out. We shouldn't have empty building stock and crumbling buildings that people go to work in every single day. If this is a matter of figuring out our funding priorities or raising money by leasing Government buildings, let's figure this out. Just like the JFK elevators, the status quo isn't working at GSA, just as the elevator or the system.

We have to be fair to these people who work, these 2,000 people who are in there every single day, in order to get a solution. I really would request a focus on this issue at GSA to resolve these issues for that building.

Ms. ALBERT. If I may say, I will absolutely follow up with you on this. What I seek is a partnership, because it is a combination of actions between GSA as well as Congress in order to be able to correct this longstanding issue.

Senator MARKEY. Let's create the partnership. Let's get it done. But it is years now, and it is getting oppressive for people who work there. Many people now walk down 9, 12, 15 stories every single day because they don't want to get on the elevators. That is just unfair to people, and some people just ultimately wind up saying, I am not going to work, not because they don't want to go to work, because they just don't want the 15, 18, 20 story walk every single day. It is unfair to them.

Thank you.

Senator CARPER. I would say to our witnesses, this Committee has a pretty good reputation for partnerships. Maybe this is another way we can demonstrate that.

Senator Merkley, thanks for your patience. You are recognized. Welcome.

Senator MERKLEY. Thank you very much, Mr. Chairman, and thank you, Commissioner.

Commissioner, since 2015 mass timber has seen unprecedented growth in the United States from just a handful of buildings 8 years ago to almost 2,000 today. American made mass timber offers a way to dramatically lower carbon emissions associated with concrete and steel buildings, and it does so while enjoying some other significant benefits, seismic benefits, structural durability, increased resilience to fire, decreased construction time.

The fiscal year 2023 appropriations bill included directions for GSA to work with partners to expand the utilization of mass timber and innovative wood products in Federal buildings. How are you implementing that?

Ms. ALBERT. Our team of engineers, particularly those that are experts in this, have been working with industry and researching what the opportunities for mass timber are for integration into Federal buildings. I would love to follow up with you to provide more current and detailed status.

But I will say that in general, where we are right now in terms of managing the portfolio and the opportunities before us are really around retrofitting and improving existing owned buildings as opposed to new construction, which is where we could integrate mass timber more readily.

But we will get back to you and the Committee with more details on what we have found and the opportunities we have for integrating mass timber.

Senator MERKLEY. Do you have a single mass timber building at this point?

Ms. ALBERT. I am not aware of one, but we also haven't undertaken too many new construction projects.

Senator MERKLEY. Are you familiar with what mass timber is?

Ms. ALBERT. I am, yes.

Senator MERKLEY. Great. Well, just for others, it is the compilation of products that include mass plywood, where the plywood can become not an inch think, but very, very thick, creating key structural elements or other key laminated products, including massive floors. It sequesters a massive amount of carbon. You can assemble these, like an erector set, very, very quickly, which saves a massive amount on construction loans. And unlike concrete and steel, that take a tremendous amount of energy to create, these don't take a lot of energy to create.

So, huge advantages. I really encourage you to come back next year and say, we do have some mass timber buildings that we have acquired for use or are building. I am hoping for quicker, more significant action within the coming year.

Commissioner, plastic pollution is one of the greatest environmental threats of our time, driven largely by the use and disposal of single use plastics. GSA has the ability to make a difference by addressing single use plastics across the Federal Government, purchasing contracts related to construction, to concessions, to facility maintenance contracts as well.

As the GSA is modernizing its facilities in accordance with President Biden's executive orders on climate and clean energy, does the Administration have explicit plans to minimize the procurement and use of plastic products, including single use and packaging plastics?

Ms. ALBERT. I am not familiar off the top of my head of that. So I will absolutely look into that and follow up and provide you with an answer.

Senator MERKLEY. Great, thank you.

We are seeing that the plastic which is made with fossil gas is a huge contributor to climate chaos, which we are suffering everywhere. Also, that the plastic on the other end ends up in our waterways, resulting in the pollution of our streams and our oceans. We are now finding microplastics throughout human bodies, including the human heart and human breast milk, et cetera. Plastic contains endocrine disruptors which affect reproductive health.

So it is a factor in many, many ways. The GSA could be a leader in taking this on. Can we count on you to thoroughly explore this question and pursue it, not just for our environment, but also for human health?

Ms. ALBERT. I will absolutely follow up with you on this.

Senator MERKLEY. Thank you.

Thank you, Mr. Chairman.

Senator CARPER. Thank you.

Senator Ricketts.

Senator RICKETTS. Thank you, Mr. Chairman.

The Federal property management has been on the High Risk List for GAO for 20 years. So this is an ongoing issue, not just an issue created by the pandemic, and certainly, remote work is one of the contributors to the lack of utilization of office space. I agree with you, Ranking Member Capito, remote work should be a tool, not an expectation of people. It needs to be properly managed, just like everything else, with regard to our space.

When I was Governor of Nebraska, we actually put together a strategy for our real estate. We worked with our State building division to come up with that. What we focused on was consolidating our like service agencies together to create a one stop shop for people, but also to create synergies in their work output. For example, we put the Department of Economic Development, the Department of Agriculture, Department of Environment and Energy, other boards and commissions all together in one spot so we could promote the interests of the State of Nebraska. We developed Fallbrook office space, and by doing that, we were able to consolidate, put those agencies over there and consolidate our Department of Health and Human Services into one building in our downtown location to be able to provide better services there.

Overall, that actually reduced our footprint by 60,000 square feet, saving Nebraska taxpayers $700,000 a year. Now we are hearing, of course, from your report that 75 percent of the office space in 17 agencies here in Washington, DC, are unused office space.

Mr. Marroni, it sounds like your recommendations would be in line with what we did here at the State of Nebraska, is that a fair statement, to try to bring like service agencies together?

Mr. MARRONI. I certainly think that would be one option for agencies to consider is consolidation, sharing space, those should all be on the table.

Senator RICKETTS. When we talk about $7 billion, is that roughly right, what we are spending every year on this office space?

Mr. MARRONI. Government-wide.

Senator RICKETTS. What do you think the cost savings would be if we could address the issues with regard to the unutilized office space and some of the other things we just talked about?

Mr. MARRONI. I don't have a specific number, but it certainly could be substantial. We spend a lot of money operating, maintaining, and leasing facilities in this country. You could save a lot if you get rid of extra space.

Senator RICKETTS. So when you say a lot, is that like 10 percent, or do you think 50 percent? What do you think?

Mr. MARRONI. It is hard to give an estimate. But substantial, depending on agency decisions.

Senator RICKETTS. OK.

Commissioner, you talked a little bit about your role in this. It sounds like from what you said it is really the agencies that have to drive these plans. Is that fair, that the agencies have to come up and say, this is my utilization, or the space I need, and the agencies have to drive this? You don't have the ability to tell agencies, hey, you have too much space, get out?

Ms. ALBERT. We don't have the ability to tell them what to do. But it is a partnership, and it is often done in collaboration. Not all agencies are created equal. There are very large agencies that have big real estate staff within the agency, and they are creating their own plans. There are other agencies that rely on GSA's expertise.

So it is a mix.

Senator RICKETTS. So you help facilitate it, but it really has to be the leadership of the agency to drive this, is that what I am understanding, is that fair?

Ms. ALBERT. It is. But if I can just share a couple of things that GSA has been doing, particularly since the pandemic, so that kind of what the solutions are going forward are more in the forefront of people's minds, because there has been a lot of evolution about how people are using space.

We created a workplace innovation lab, we have had more than 120 different tours by a variety of different agencies, even agencies that we don't manage space for, for example, the DOD, coming to see what the new workplace models are. We are launching Federal co-working spaces in six locations across the country so that agencies can see what a more flexible workplace looks like, or that they can work out of our Federal co-working spaces, rather than relying on leases. So we are looking at new models and partnering with agencies so they can see what the future could entail.

It is also a fantastic change management and employee engagement tool. Because we have made the capital investment in those types of spaces, agencies can bring teams to work through them and see how they want to work in the future, and try and accelerate that learning, get over that communication hump as to what these benefits of consolidation or working in different work modes look like.

Senator RICKETTS. It seems to me, Mr. Chairman and Ranking Member, that what we ought to be doing is bringing in the heads of these agencies, especially the biggest offenders, and have them explain why they haven't put together a real estate plan to consolidate, if they are at 25 percent utilization, and really put the onus on them to come back with a plan and drive this. Because this has been a problem for 20 years. It is not happening. And if the agencies that have to put together a plan, which makes sense—as Governor, it was my leadership that drove our plan, it wasn't happening before—we need to have these agency heads start working on this plan. That is who we should get in here and ask them why they are not doing what they are supposed to be doing with regard to right sizing an organization and coming up with the plans they need to to address remote work or whatever is going on.

Thank you very much. I appreciate it.

Senator CARPER. Senator Capito is going next.

Let me just say, Senator Ricketts and I are members of a small, elite group of Senators that are recovering Governors. We begin a lot of our sentences with, "When I was Governor of Delaware," or whatever. My colleagues get tired of it.

[Laughter.]

Senator CARPER. But I think we are onto something here. Earlier I said, find out what works, do more of that. Let's see what we can learn from what you have done in your State and work together.

I said to Senator Capito as an aside, Tom Coburn and I worked on these issues for years, our staff worked on these issues for years. We made some progress, but there is more still to be done. We look forward to addressing it with your full involvement. Thank you.

Senator Capito.

Senator CAPITO. Thank you.

This sort of goes off what Senator Ricketts was just saying.

Mr. Marroni, your study focused on headquarters buildings. What do we know about the utilization of other Federal office buildings that are not headquarters?

Mr. MARRONI. We don't know a lot. The quality of the data, even at the headquarters level, was variable. And out in the field, there is much less data to assess how these buildings are being utilized.

I think it is a reasonable assumption that buildings in the field that are of similar nature to headquarters buildings, office spaces that are not doing customer facing roles, policy, budget, administrative, probably have similar levels of utilization. But we do not have the data to define that work.

Senator CAPITO. Do you get any kind of sense since your testimony in July that any agencies have made any progress in terms of trying to right size? Have you heard anything back from that?

Mr. MARRONI. Certainly, some agencies are coming out with their in office attendance policies, which is a crucial step to understand how many folks are going to be coming in. You need the data from that to then figure out how much space we really need.

So there has been some progress on that front. I know agencies have submitted information to OMB as well on some of their plans. So there is some forward movement here. But it is variable.

Senator CAPITO. We will see.

I want to ask about St. Elizabeths, since the Chairman went out and visited yesterday, and you talked about it. Commissioner, I was the ranking member on Homeland Security Appropriations. This was a big issue, trying to consolidate everything to St. Elizabeths. What is the space utilization of that facility right now?

Ms. ALBERT. I don't know what the actual utilization is. I will say a couple of different things. Since the pandemic, particularly for a couple of their major buildings at St. Elizabeths, DHS has rearranged some of the buildings to integrate, because of lower utilization than when it was originally planned, to integrate another 2,000 people onto the campus, further consolidating. They are continuing to drive utilization.

Senator CAPITO. They are going to drop their leases around town here to consolidate?

Ms. ALBERT. Correct.

Senator CAPITO. I understood at the time that we talked about this that were certain agencies and others under the Homeland Security umbrella that didn't want to relocate. So they are forcing them to locate there.

Ms. ALBERT. Yes, they are forcing them to relocate, or frankly, agencies, now that the campus has come along so far, it is a beautiful campus. Wonderful facilities. So folks are also seeing what the advantages are of co-locating. So just the passage of time and people getting used to the notion that that is where the center of the DHS headquarters is, and wanting to be close and proximate to their other colleagues.

Senator CAPITO. Mr. Marroni, was Homeland Security one of your agencies?

Mr. MARRONI. It was.

Senator CAPITO. Do you have it there?

Mr. MARRONI. Yes. They were in the highest quartile; they were at about 30 percent utilization.

Senator CAPITO. Was that at St. Elizabeths then?

Mr. MARRONI. That would be the headquarters which, three buildings, does include St. Elizabeths.

Senator CAPITO. How many buildings are there? There are tons of buildings at St. Elizabeths.

Mr. MARRONI. It included the campus and two other buildings off of it.

Senator CAPITO. I think for people who are listening, too, to realize that, and I think you confirmed the figures here, $2 billion is the cost to the taxpayer every year to operate the buildings, is that correct? And $5 billion to lease? Are those accurate figures?

Ms. ALBERT. It is $5.6 billion to lease, then it would be another, to properly operate the portfolio, would be another $4 billion to $5 billion needed. We don't get that every year.

Senator CAPITO. What are we spending? That is what I am asking. I understand we don't have enough; your point was pretty clear. What are we spending, $2 billion?

Do you know, Mr. Marroni?

Mr. MARRONI. Our number is over $2 billion, yes.

Senator CAPITO. Two billion. OK.

So I am going to go back to my original question with the Commissioner on the IRA. Senator Cardin talked about it. I think we were kind of getting around to the same point from a different direction.

Are those 100 buildings going to change? Those are the ones I would think that if you are making them fully sustainable, they are going to last forever, they are going to have all the energy provisions that are provided for with the IRA, I would imagine that when you come back in a year to 3 years, that the space utilization there would be 80, 90, 100 percent. I know nothing is occupied 100 percent, but in that range.

Is that what you are anticipating? Or will you drop buildings out if you see that those are not the ones that warrant all this huge investment of dollars, and they are just going to sit there?

Ms. ALBERT. So, of the 100 buildings, we are very confident that those are buildings that the Federal Government will occupy.

Senator CAPITO. They are occupying all these other buildings at 25 percent.

Ms. ALBERT. Our job as GSA is to drive utilization of the building. That is what we aspire to do, just like any private landlord. We want that building used as fully as possible, because it saves money, it also keeps, there is a whole variety of benefits to fully occupying Federal space.

Senator CAPITO. Right. But obviously, if that is your goal, and we are looking at buildings here in the DC area that are 25 percent and less, we are not hitting the goal there. So by making these buildings, the premium buildings, I would imagine that is what they are, the five star government buildings, we will put it like that, where people understand what that means when you are looking at it for a hotel, that this would not just drive utilization, but there has to be some coordination between these agencies to say, you have to get into these buildings.

Ms. ALBERT. I will give a real example. In Chicago, we have a more than million square foot building, a core asset. We are reinvesting in that building, and we have, since the pandemic, HHS in Chicago, has identified that they want to move out of leases and consolidate into a federally owned building. So our work is to what we call restack a building, make space for HHS to come in.

There are a couple of other agencies that we have also been doing that with. It is done in a coordinated manner. Because as you are moving people around, everybody has to know what is going on in the building.

That is a very different situation than, for example, the headquarters in Washington, DC, where it is a single tenant.

So out in the regions, we have buildings that are occupied by as many as 27 different agencies. We are actively managing and moving folks around because their space needs might be 20,000 square feet up to 100,000 square feet, very variable. It is like a puzzle piece that we are constantly moving around to make it as efficient as possible.

That is only possible when the building is operable and in good shape, doesn't have elevator issues, is properly cooled and heated.

Senator CAPITO. Yes, and I don't know why we can't do that in DC. Why does everybody have to have their own building if it is only 25 percent occupied?

Ms. ALBERT. In DC, what people are doing right now, because I consider utilization or occupancy an indicator. It is not actually the answer. It is an indicator of whether or not the building is fully utilized. Now people are seeing what the numbers are, in part because of the GAO report, but we were aware of it prior to that. Excited about the cost saving opportunity, the hard work is being done now. Looking at the leases across the portfolio, and whether they can be consolidated into a single building, we are seeing different agencies taking those actions.

Senator CAPITO. In DC?

Ms. ALBERT. In DC. GSA is actually the perfect example. We ourselves occupy an entire building, 1800 F Street.

Senator CAPITO. We moved in there when we had, right after 9/11, in the buildings, we moved into your space.

Ms. ALBERT. Yes. And it is pretty good space in half the building. The other half of the building, we can't market because it hasn't been renovated in more than 20 years. So part of our lack of occupancy in 1800 F is that half of the building is not occupiable because it is not in good enough working condition.

The other part of the building, however, we have been able to consolidate six of GSA's own leases within the National Capital Region into 1800 F. That was back in 2012. But it is an iterative process. We have reduced now two buildings, we used to occupy a building at 7th and D, our National Capital Region function, 1,000 people. They have now come and consolidated into 1800 F. That was pre-pandemic, literally, unfortunately I think 2 months prior to the pandemic beginning.

Now, post-pandemic, we are shrinking our footprint even more and talking to other agencies about who might be an interested partner in consolidating into our own facility.

Senator CAPITO. Well, I hope we can get this right. I think it could result, if we save money on all these, $7 billion a year, that is more money for reshaping your buildings. So I would ask that you would commit to providing me with an updated list of these 100 buildings as it moves along and their space utilization rates and the dollar amounts of the projects from the IRA.

Thank you. Thank you both.

Senator CARPER. I have a couple more questions, then we will wrap it up. Fortunately, we haven't had any votes, at least not in the Senate, so we have been able to have a good conversation. Again, we appreciate your being here with us for that.

We talked a whole lot about the High Risk List. We are grateful to the GAO for producing the High Risk List for us every year. And it is important that we read it, and not just say, well, there is the High Risk List; it is important we act on it. In any instance, it is not possible for any one party or executive branch, legislative branch to do it by themselves. This calls for partnerships, it calls for collaborations. As I said earlier, that is what we are pretty good at on this Committee.

I understand that GAO is considering adding the GSA's maintenance backlog to the High Risk List in 2025. What factors is GAO considering in making this determination?

Mr. MARRONI. We have done some recent work looking at the growth of the deferred maintenance backlog. In 5 years' time between 2017 to 2021 it went up by 50 percent to $76 billion. So it is a growing concern.

We have previously had deferred maintenance on our High Risk List. We had taken it off previously in 2010, based on some changes that had been done. But now that the backlog is increasing again, that gives us concern. So we are definitely keeping track of that issue. It very well may appear in 2025.

Senator CARPER. OK, thank you.

This will be a question for you, Commissioner Albert. I believe July's GAO report highlights that some Federal agencies are reluctant to share their operating space. Tell us a little bit about that. Specifically, Mr. Marroni's testimony mentions the agencies' officials consider what is called inter-agency silos a challenge to space utilization.

Commissioner Albert, how is the GSA working with Federal agencies and Federal departments to address barriers to co-location and operating space consolidation to achieve efficiencies?

Ms. ALBERT. We are talking to agencies right now, actually, to see which agencies are prioritizing consolidating leases into their own facility. That would be a primary and probably most desired strategy, because then you would gain the efficiencies of being consolidated.

But for those agencies, and GSA again, being the prime example, will not even after full consolidation need to occupy an entire building, we are reaching out and identifying agencies that would be interested in co-locating with us. There are a couple of agencies that fall into that category where their building capacity exceeds their total space needs. And what is very interesting about many but not all Federal buildings in the national capital region is because of the scale and size of them you actually can subdivide those buildings to accommodate different headquarters and still provide that marquee designated independent entrance that would be dedicated to a headquarters and worthy of a headquarters building.

It is an evolving conversation, primarily based on agencies wanting to first look at how they can backfill their headquarters with their existing leases, as opposed to sharing as a primary strategy. Those conversations are going on, and I think there are very interesting models now, particularly for sharing of other types of spaces as well. I will use conference centers, training centers, we are seeing that as people lean more into hybrid work, the types of space they need is not so much dedicated desks and offices, but now collaboration spaces.

Again, I will cite GSA's own example. We have a one story conference center that is booked out for more than a year now, because there is so much demand for that kind of auditorium and collaboration space. So that is where we are seeing more, greater demand for space. And we could see, for example, an agency consolidating perhaps in the top floors of the building and then making their bottom floors of their building available as conference centers.

Lots of different strategies to include and think about.

Senator CARPER. Good. Thank you.

Just last week, we celebrated the anniversary of something called Kigali, which is a ratification, it is an amendment to the Montreal Protocol that phases out the use of super-polluting HFCs, hydrofluorocarbons, in refrigerants. The refrigeration industry is working hard to reclaim and reuse refrigerants and reclaimed refrigerants are as good as new and competitively priced. But there isn't much of a market for them yet, we are told.

Commissioner Albert, has GSA considered requiring the use of reclaimed refrigerants in new or recharged equipment as a way to reduce emissions across the Federal Government?

Ms. ALBERT. We have, and we are proud to say that we are a leader in this. We have worked very closely with industry to prove that you can reuse refrigerants in existing equipment without deteriorating or otherwise impacting existing equipment and putting forward standards in what is called our P100 which drives design standards in buildings for reused refrigerants.

Senator CARPER. All right, good.

You have had the opportunity to give an opening statement, each of you did. You have been good to answer our questions, and we will have a few more probably in writing.

Is there anything you would like to say in closing before we wrap it up in a few minutes?

Senator CAPITO. I just have one question that I can't resist asking. To both of you, GSA and GAO, what is your in office policy, working policy?

Mr. MARRONI. GAO just came out with its revised in office policy a week or two ago. There are many options. It includes a remote work option, some staff can work remotely, that becomes their official duty location. Others, depending on their role, need to come into the office 4 days a pay period. And others come into the office on a regular basis. It depends on the mission need and what that person's role is.

Ms. ALBERT. We have a similar approach. We have done what we call position categorization, looked at every single position, because there is so much diversity in GSA about what people do. That is what dictates their telework status.

We have building managers that must come into the office every day. And then we have procurement specialists that may quality for remote work. A vast majority of GSA employees are in what is called kind of a telework status, or onsite flexible status. The minimum requirement for that is 2 days a pay period.

Senator CAPITO. What does a day consist of? How many hours?

Ms. ALBERT. Eight hours a day, a standard work day.

Senator CAPITO. Thank you for that.

Ms. ALBERT. But again, looking at the Public Building Service, which is what I am responsible for, we have construction managers who have to be onsite, there is no substitute for that. So we tend to be in the office or onsite, whether it is in a physical office or on a construction site, more frequently than, for example, some of our technology colleagues. It just depends, based on the job.

Senator CARPER. Thank you very much.

I have alluded to today, a couple of times, to Albert Einstein and also to Dr. Tom Coburn, our late colleague. Einstein used to say, as I mentioned earlier, in adversity lies opportunity. Dr. Coburn was just unrelenting in going after waste in government. He was a great partner of ours, and I miss him to this day.

He was a deeply religious person, as I think was Dr. Einstein. They are looking down today at this hearing and probably saying, well, let's get this done. My dad used to say to my sister and me when we were kids growing up, born in West Virginia and grew up in Virginia, used to say to us, just use some common sense. He said it a lot. You probably all remember things your parents would say to you over and over again. My dad would say that a lot. We must not have had any common sense.

But I take those words with me every day. He was also a big one for not wasting money, his money, our family's money. I have taken that seriously all my life. I got to be Treasurer of the State of Delaware when I was 29. We had the worst credit rating in the country. We could only do better, and when I was Governor, we made it AAA, we still have AAA credit ratings. We have worked hard in our State at the State level to try to spend taxpayer money a lot smarter, and I think we have done well, as have a lot of other States.

I want to close by thanking you for appearing before us today. I want to thank you for your work.

Mr. Marroni, give our best to Gene Dodaro, one of my favorite people is our Comptroller General. How long has he been Comptroller General? Since Albert Einstein walked the earth.

[Laughter.]

Senator CARPER. It has been a long time. Give him our best, tell him we are still interested in these issues and committed to making progress on them.

We look forward to hearing about GSA's continued work with Federal agencies to embrace the opportunity of modernizing and right sizing the Federal real estate portfolio.

Before we adjourn, a little bit of housekeeping. Senators may submit questions for the record until the close of business on Wednesday, October 11th. We will compile those questions and send them to our witnesses and ask the witnesses to reply by Wednesday, October 25th.

Before we adjourn, I just want to say to our staffs, we get to sit up here and ask these questions and so forth and give speeches. We have really good staff people sitting right behind us. I want to say to both majority and minority staffs, thanks very much for bringing a couple of good witnesses here and addressing an issue that really needs to be not just addressed and talked about but acted upon.

We look forward to working with you and the folks that you work with as well.

I think with that, it is a wrap. This hearing is adjourned.

Senator Capito, thank you very much.

[Whereupon, at 11:34 a.m., the hearing was adjourned.]

○