

G A O
Accountability · Integrity · Reliability

Highlights

Highlights of [GAO-06-248T](#), a testimony for the Subcommittee on Federal Financial Management, Government Information, and International Security, Committee on Homeland Security and Governmental Affairs, U.S. Senate

Why GAO Did This Study

At the start of each new Congress since 1999, we have issued a special series of reports entitled the *Performance and Accountability Series: Major Management Challenges and Program Risks*. In January 2003, GAO designated federal real property a high-risk area and issued an update in January 2005 on this area. GAO identified excess and underutilized property as one of the major reasons for the high-risk designation.

This testimony discusses GAO's designation of federal real property as a high-risk area, focusing on excess and underutilized property and describes various efforts to address the problem and what more needs to be done.

What GAO Recommends

GAO is not making any new recommendations in this testimony. However, GAO continues to believe, as stated in the high-risk series reports, that the overall risk to the government and taxpayers could be substantially reduced if an effective transformation strategy is developed and successfully implemented and real property-holding agencies effectively implement current and planned initiatives. Solving the problems in this area will require a reconsideration of funding priorities at a time when budget constraints will be pervasive.

www.gao.gov/cgi-bin/getrpt?GAO-06-248T.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Mark Goldstein at (202) 512-2834 or GoldsteinM@gao.gov.

FEDERAL REAL PROPERTY

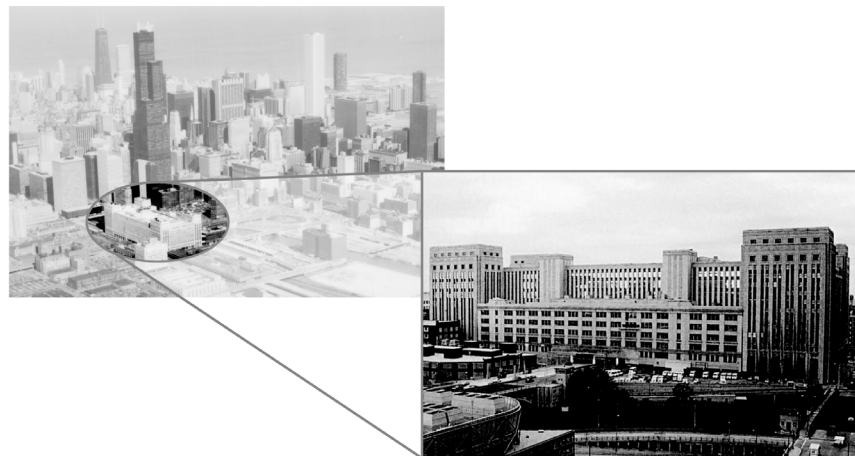
Excess and Underutilized Property Is an Ongoing Problem

What GAO Found

The conditions that led to GAO's January 2003 high-risk designation still exist. The government's vast and diverse portfolio of real property reflects an infrastructure based on the business model and technological environment of the 1950s. Many assets are no longer effectively aligned with, or responsive to, agencies' changing missions and are therefore no longer needed. GAO's high-risk reports, updated most recently in January 2005, highlighted problems with excess and underutilized property at several agencies, including the Departments of Defense and Veterans Affairs, the U.S. Postal Service, and the General Services Administration. Furthermore, many assets are in an alarming state of deterioration; agencies have estimated restoration and repair needs to be in the tens of billions of dollars. These problems have been exacerbated by underlying obstacles that include competing stakeholder interests in real property decisions, various legal and budget-related disincentives to businesslike outcomes, and the need for better capital planning by agencies.

The administration has acknowledged the problems in this area; in February 2004, the President added the Federal Asset Management Initiative to the President's Management Agenda and signed an executive order on real property reform. These and other efforts at the agency level are positive steps. However, despite the progress that has been made, GAO still believes that current structures and processes may not be adequate to fully address the problems. The breadth and complexity of the issues involved and the long-standing nature of the problems and their underlying causes will likely continue to hamper agencies' efforts to realign their real property assets to their missions.

Example of Vacant Federal Property: The Former Main Post Office in Chicago



Source: USPS.