

FEDERAL COURTHOUSES

Rent Increases Due to New Space and Growing Energy and Security Costs Require Better Tracking and Management

Why GAO Did This Study

The judiciary pays over \$900 million in rent annually to GSA for court-related space, and this amount represents a growing proportion of the judiciary's budget. The judiciary's rent payments are deposited into GSA's Federal Buildings Fund (FBF), a revolving fund used to finance GSA's real property services, including the construction and repair of federal facilities under GSA control. In December 2004, the judiciary requested a \$483 million dollar permanent, annual rent exemption, which GSA denied, saying that it undermined the intent of FBF and that GSA was unlikely to obtain appropriations to replace lost FBF income. GAO identified (1) recent trends in the judiciary's rent and space occupied and (2) challenges that the judiciary faces in managing its rent costs.

What GAO Recommends

GAO recommends that the judiciary (1) track rent trends and (2) improve its management of space and associated costs by providing incentives for efficient use and updating its space allocation criteria. AOUSC strongly disagreed with our report and said that it does not believe tracking the data recommended by GAO would be useful. We believe otherwise. AOUSC also said it is already implementing incentives and updating its criteria; however, the actions it identified do not fully address our recommendations. GSA generally agreed with the report.

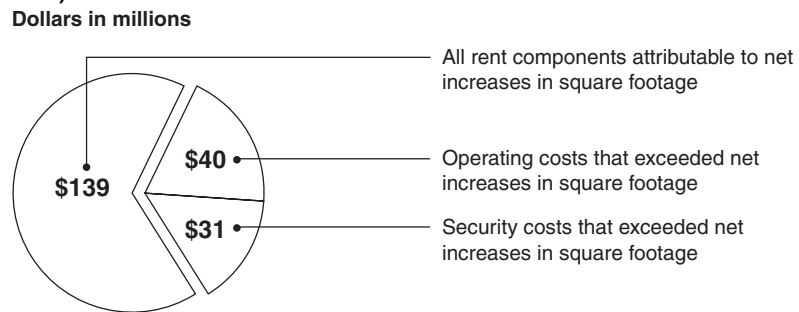
www.gao.gov/cgi-bin/getrpt?GAO-06-613.

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.

What GAO Found

The federal judiciary's rental obligations to GSA for courthouses have increased from \$780 million to \$990 million—or 27 percent from fiscal years 2000 through 2005, after controlling for inflation—primarily due to a simultaneous net increase in space from 33.6 million to 39.8 million rentable square feet, a 19 percent increase nationwide. Much of the net increase in space was the result of new courthouses that the judiciary has taken occupancy of since 2000. According to the Administrative Office of the U.S. Courts (AOUSC), the judiciary's workload has grown and the number of court staff has doubled since 1985. Shell rent (the building with basic infrastructure) increased proportionately with net square footage growth, but operational (utilities and general maintenance) and security costs grew disproportionately higher than square footage due to external factors, such as increasing energy costs and security requirements. Neither GSA nor the judiciary had routinely and comprehensively analyzed the factors causing rent increases, making it more difficult for the judiciary to manage increases.

The Approximate Share of Judiciary Rent Increases Attributable to Net Growth in Square Footage and Other Factors (Fiscal Years 2000 through 2005)



Total: \$210 million increase, adjusted for inflation

Source: GAO analysis of GSA data.

The federal judiciary faces several challenges to managing its rental obligations, including costly new construction requirements, a lack of incentives for efficient space use, and a lack of space allocation criteria for appeals and senior judges. First, building requirements, such as three separate circulation patterns for judges, prisoners, and the public and other structural and architectural elements make courthouses among the most expensive federal facilities to construct, often leading to higher rent payments. Second, the judiciary has begun a rent validation effort intended to monitor GSA rent charges, but it does not address the lack of incentives for efficient space management that we found at the circuit and district levels. An example of the inefficiencies that may result is in the Eastern District of Virginia, where the judiciary paid about \$272,000 in 2005 to rent space for an appeals judge in McLean, Virginia, in addition to paying for space designated for that judge in a nearby federal courthouse that the judiciary later used for alternative purposes. Finally, the lack of criteria for assigning courtrooms for appeals and senior judges can contribute to inefficiencies in the amount of space provided, which can result in higher rent payments.