

GAO
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Highlights

Highlights of [GAO-05-848T](#), a testimony before the House Committee on Government Reform

Why GAO Did This Study

In January 2003, GAO designated federal real property as a high-risk area due to long-standing problems with excess and underutilized property, deteriorating facilities, unreliable real property data, and costly space challenges. Federal agencies were also facing many challenges protecting their facilities due to the threat of terrorism.

This testimony discusses the problems with federal real property, particularly those relating to excess and deteriorating property, and what needs to be done to address them.

What GAO Recommends

Since January 2003, some important efforts to address the problems have been initiated by the administration and executive agencies, including Presidential Executive Order 13327 on real property reform

The executive order is clearly a positive step. However, GAO believes there is still a need for a comprehensive, integrated transformation strategy for real property to build upon the executive order. More specifically, the additional step of developing a transformation strategy would provide decisionmakers with a road map of actions for addressing the underlying obstacles, for assessing progress governmentwide, and for enhancing accountability for related actions.

www.gao.gov/cgi-bin/getrpt?GAO-05-848T.

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

Further Actions Needed to Address Long-standing and Complex Problems

What GAO Found

The federal real property portfolio is vast and diverse—over 30 agencies control hundreds of thousands of real property assets worldwide, including facilities and land worth hundreds of billions of dollars. Unfortunately, many of these assets are no longer effectively aligned with, or responsive to, agencies' changing missions. Further, 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. Compounding these problems are the lack of reliable governmentwide data for strategic asset management, a heavy reliance on costly leasing, instead of ownership, to meet new needs, and the cost and challenge of protecting these assets against terrorism.

In February 2004, the President added the Federal Asset Management Initiative to the President's Management Agenda and signed Executive Order 13327. The order requires senior real property officers at specified executive branch departments and agencies to, among other things, prioritize actions needed to improve the operational and financial management of the agency's real property inventory. A new Federal Real Property Council at OMB has developed guiding principles for real property asset management and is also developing performance measures, a real property inventory database, and an agency asset management planning process. In addition to these reform efforts, some agencies such as the Departments of Defense (DOD) and Veterans Affairs (VA) have made progress in addressing long-standing federal real property problems. For example, DOD is preparing for a round of base realignment and closures in 2005. Also, in May 2004, VA announced a wide range of asset realignment decisions.

These and other efforts are positive steps, but it is too early to judge whether the administration's focus on this area will have a lasting impact. The underlying conditions and related obstacles that led to GAO's high-risk designation continue to exist. Remaining obstacles include competing stakeholder interests in real property decisions, various legal and budget-related disincentives to optimal, businesslike, real property decisions, and the need for better capital planning among agencies.

Examples of Vacant GSA, VA, and USPS Facilities



Sources (from left to right): Ernst & Young LLP, VA, and USPS. From left to right: L. Mendel Rivers Building, Charleston, SC; former Main VA Hospital Building, Milwaukee, WI; former Main Post Office, Chicago, IL.