



Highlights of [GAO-09-10](#), a report to the Committee on Oversight and Government Reform, House of Representatives

Why GAO Did This Study

In 2003, GAO designated federal real property as a high-risk area. In 2007, GAO reported that real-property-holding agencies and the administration had made progress toward managing their real property, but underlying problems, such as backlogs in repair and maintenance, still existed and six agencies reported having over \$1 billion in repair and maintenance backlogs. Owning real property creates a fiscal exposure for the government from the expectation that agencies will incur future maintenance and operations costs.

GAO was asked to (1) describe how six agencies estimate their repair and maintenance backlogs, (2) determine how these agencies manage their backlogs and the expected future changes in these backlogs, and (3) identify how backlogs have affected operations at some sites. GAO reviewed agency documents, interviewed officials, and visited two sites at each of the six agencies.

What GAO Recommends

To provide a realistic estimate of the government's fiscal exposure from backlogs, GAO recommends that the Office of Management and Budget (OMB), in consultation with the Federal Accounting Standards Advisory Board, explore the potential for adding a uniform reporting requirement to the Federal Real Property Profile to capture the government's fiscal exposure related to real property repair and maintenance. OMB agreed with GAO's recommendation.

To view the full product, including the scope and methodology, click on [GAO-09-10](#). For more information, contact Mark Goldstein at (202) 512-2834 or goldsteinm@gao.gov.

FEDERAL REAL PROPERTY

Government's Fiscal Exposure from Repair and Maintenance Backlogs Is Unclear

What GAO Found

The six agencies that GAO reviewed all periodically assess the condition of their assets to identify needed repairs and maintenance but then use different methods to define and estimate their repair and maintenance backlogs. As a result, the agencies' estimates are not comparable. Three of the six agencies—the Departments of Energy (DOE), the Interior (DOI), and the National Aeronautics and Space Administration (NASA)—defined their backlogs as work that was identified to correct deficiencies. A fourth agency, the Department of Veterans Affairs (VA), also defined its backlog as work identified to correct deficiencies, but VA's backlog included only work on systems, such as mechanical and plumbing systems, found to be in poor or critical condition. The General Services Administration (GSA) and the Department of Defense (DOD) both did not track a backlog. Instead, GSA calculated its reinvestment liability—the cost of repairs and maintenance needed now and in the next 10 years. DOD assigned a quality rating to each facility which was based on the ratio of repair costs to the asset's value. The backlog estimates do not necessarily reflect the costs the agencies expect to incur to repair and maintain assets essential to their missions or to avert risks to their missions. For example, these estimates could understate an agency's backlog because they are based on industry-standard costs, or could overstate an agency's backlog because they include inactive assets that are not essential to the agency's mission or may be demolished.

The six agencies GAO reviewed generally manage their backlogs as part of their overall real property management and expect the size of their future backlogs to increase. Agencies focus on maintaining and repairing real property assets that are critical to their missions and have processes to prioritize maintenance and repair items based on the effects those items may have on their missions, regardless of whether the items are considered part of the backlogs. For example, VA officials told us that their first priority is to perform maintenance and repairs at places that directly affect patient care, such as operating rooms. Agencies are using strategies such as demolishing assets that are no longer needed to reduce their overall backlogs. However, agency officials generally expect their backlogs to increase as the federal portfolio of real property continues to age and construction costs increase.

At the six agencies GAO reviewed, officials have managed their facility repairs and maintenance to minimize the impact of their backlogs on their operations. Officials said that postponing repairs and maintenance generally leads to higher operating and maintenance costs and short-term inconveniences, but they have managed the risks so that the agencies can continue to accomplish their missions. For example, maintenance costs increase when a roof that is due for replacement is repeatedly patched rather than replaced. While several officials said their maintenance staffs have been able to limit the impact of backlogs on operations, they cautioned that there is a real potential for an incident to adversely affect an agency's mission. At one site GAO visited, a multimillion-dollar piece of equipment could have been damaged by a leak from an air conditioning system if it had not been covered with a tarp.