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Federal Real Property Data: Limitations and Implications for Oversight

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Summary

The federal executive branch owns and leases more than 275,000 buildings, with annual operating costs in excess of \$21 billion. Oversight of this portfolio of buildings has been a priority for recent congresses, particularly since real property management has been identified as a “high-risk” area by the Government Accountability Office (GAO), every year since 2003. Key potential weaknesses in real property management include agencies holding empty or only partially occupied buildings; relying on leases for new space even when ownership would be cheaper; and making decisions using real property data of questionable quality. This report examines the challenges to oversight posed by the lack of accurate and reliable real property data, particularly as it relates to the disposal of unneeded building space and the government’s overreliance on costly leasing.

The primary source of real property data available to Congress is the Federal Real Property Report (FRPR), which provides aggregate data on executive branch agency portfolios. The data, which are drawn from a database managed by the General Services Administration (GSA), can be unreliable and incomplete, which limits the effectiveness of the FRPR as an oversight tool. After building utilization definitions were revised in FY2013, for example, the number of properties categorized as “unutilized” declined 54% and the number of properties categorized as “underutilized” declined 97%. The FRPR also discontinued reporting the annual operating costs of underutilized and unutilized buildings after FY2010—data that could help Congress understand the full costs of inefficiencies in the building disposal process. GSA does not permit Congress direct access to its real property database, so there is currently no way to obtain that data should GSA opt not to report it in the FRPR.

The FRPR is also the primary source of data available to Congress on real property leases. The data on leased space, however, can also be unreliable and incomplete. In FY2014, for example, GSA reported a 45% decline in the amount of leased space held by the executive branch, and it revised data from FY2013, so that the new figures showed the government held 44% less leased space than it had previously reported for that year. Similarly, while long-term operating leases are most likely to expose the government to financial loss, the FRPR does not provide any data specifically on them. Neither does the FRPR provide data on high-value leases—those leases which, although small in number, often account for a disproportionately large percentage of an agency’s operating costs. Key components of agency real property portfolios—notably their long-term and high-value leases—are subject to limited scrutiny from Congress due to the lack of accessible data.

Some of the weaknesses in real property data may be mitigated by congressional action. The FRPR could be expanded to include data Congress believes has important oversight value, such as, perhaps, data on the annual operating costs of unutilized and underutilized buildings, and data on long-term and high-value leases. In addition, obtaining access to GSA’s real property database would enable Congress to look at all of the information GSA collects, and to analyze it in a variety of ways—in aggregate, by agency, or by individual building—as policy needs dictate. Agency lease prospectuses—detailed descriptions of the size, cost, and need for high-value leases that must be authorized by Congress—might be required to include the cost of constructing or buying the space which an agency proposed leasing, so that Congress knows if it is being asked to approve the most cost-effective method of space acquisition.

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Introduction

The federal executive branch controls an extensive real property portfolio that includes more than a quarter of a million owned and leased buildings.¹ These buildings have been acquired over a period of decades to help federal agencies fulfill their unique missions. Agencies hold buildings with a range of uses, including offices, warehouses, barracks, laboratories, and hospitals. The cost of operating and maintaining these diverse properties, which total more than 2.8 billion square feet, exceeded \$21 billion in FY2014.²

Oversight of the federal real property portfolio has been a priority for oversight committees in recent congresses, with committees in both the House and the Senate holding hearings and introducing legislation to improve, in particular, the management of federal buildings.³ Congressional oversight has focused in large part on four building management issues identified by the Government Accountability Office (GAO), which has put real property on its annual “high-risk list” since 2003.⁴ In recent testimony before the Senate Committee on Homeland Security and Governmental Affairs, David Wise, the Director of Physical Infrastructure Issues for GAO, identified three key challenges that agencies face when managing their real property portfolios:⁵

- Maintaining more real property than it needs (including unutilized and underutilized buildings);
- Relying on leasing when ownership of new space would be more cost efficient; and
- Making real property management decisions using unreliable data.

This report focuses on the challenges to effective oversight posed by the lack of accurate and reliable real property data, particularly as it relates to the disposal of unneeded buildings and the government’s overreliance on costly leases.⁶ The balance of this report consists of three sections. The first section analyzes potential weaknesses in the data available to Congress on unutilized and underutilized buildings. The second section examines the nature of the government’s reliance

¹ U.S. General Services Administration, *FY2014 Federal Real Property Profile (FRPP) Open Data Set*, April 30, 2015, p. 3, at <http://www.gsa.gov/portal/content/102880>.

² *Ibid.*

³ In the 113th Congress, for example, the Excess Federal Building and Property Disposal Act of 2013 (H.R. 328) was introduced in the House Committee on Oversight and Government Reform, and the Federal Real Property Asset Management Reform Act of 2013 (S. 1398) was introduced in the Senate Committee on Homeland Security and Governmental Affairs. Also in the 113th Congress, the House Committee on Transportation and Infrastructure held several hearings on real property, including *Saving Taxpayer Dollars: Freezing the Federal Footprint*, on May 22, 2013, and *Federal Triangle South: Redeveloping Underutilized Federal Property*, on November 19, 2013.

⁴ U.S. Government Accountability Office, *High-Risk Series: An Update*, GAO-15-290, p. 135, at <http://www.gao.gov/products/GAO-15-290>.

⁵ Testimony of GAO Director of Physical Infrastructure David Wise, in U.S. Congress, Senate Committee on Homeland Security and Governmental Affairs, *Federal Real Property Reform: How Cutting Red Tape and Better Management Could Achieve Billions in Savings*, hearings, 114th Cong., 1st sess., June 16, 2015, at <http://www.hsgac.senate.gov/hearings/federal-real-property-reform-how-cutting-red-tape-and-better-management-could-achieve-billions-in-savings>.

⁶ For information about physical security at federal facilities, see CRS Report R43570, *Federal Building and Facility Security: Frequently Asked Questions*, by Shawn Reese. For information about the disposal of excess and underutilized properties, see CRS Report R43247, *Disposal of Unneeded Federal Buildings: Legislative Proposals in the 113th Congress*, by Garrett Hatch.

on costly leases and discusses which data elements might enhance oversight of leased building space. The final section of the report discusses options for policymakers to consider should they seek to address these data issues.

Unutilized and Underutilized Building Data

As noted, the federal executive branch agencies hold more than 250,000 buildings with a range of purposes, suited to the unique mission of each agency. As agencies' missions change over time, so do their real property needs, thereby rendering some assets less useful or unneeded altogether. Healthcare provided by the Department of Veterans Affairs (VA), for example, has shifted in recent decades from predominately hospital-based inpatient care to a greater reliance on clinics and outpatient care, with a resulting change in space needs.⁷ Similarly, the Department of Defense (DOD) decreased its force by 36% after the Cold War ended, and has engaged in several rounds of base realignments and installation closures.⁸ In response to these changes, agencies have housed fewer employees in certain facilities, and have shifted other personnel into new space, leaving behind thousands of buildings that are vacant (unutilized) or only partially occupied (underutilized).

Disposal of Unneeded Building Space

To reduce the amount of unneeded space in the government's portfolio—and its associated costs—agencies are required to continuously survey their real property assets and identify buildings they can dispose of in their entirety (transfer, donate, or sell), and unoccupied space within buildings that could be filled by new tenants.⁹ Agencies are then required to report those properties as excess to the General Services Administration (GSA), which is responsible for the disposition of unneeded space for all executive branch agencies, except those with their own independent statutory disposal authority.¹⁰ To that end, GSA seeks out both federal and non-federal tenants to fill empty space in underutilized federal buildings, and follows a statutorily - prescribed process for disposing of unutilized buildings, which is described briefly below.

Agencies must first offer to transfer excess properties to other federal agencies, which generally pay market value for excess properties they wish to acquire.¹¹ If no federal agency wants an unneeded property, then it is declared “surplus” and made available to state and local governments, and non-profits.¹² These entities may have surplus property transferred to them for a discount of up to 100% of fair market value, provided they use the property for a public benefit.¹³ This type of transfer is called a public benefit conveyance, and to qualify, the property must be used for one of the following purposes:

- Homeless services

⁷ U.S. Government Accountability Office, *Federal Real Property: Progress Made in Reducing Unneeded Property, but VA Needs Better Information to Make Further Reductions*, GAO-08-939, September 2008, p. 9.

⁸ U.S. Government Accountability Office, *Federal Real Property: Excess and Underutilized Property is an Ongoing Problem*, GAO-06-248, February 2006, p. 3.

⁹ 40 U.S.C. § 524(a).

¹⁰ *Ibid.*

¹¹ 40 U.S.C. § 102.

¹² 40 U.S.C. § 102.

¹³ 40 U.S.C. § 549.

- Corrections
- Law enforcement
- Public health
- Drug rehabilitation
- Education
- Parks and recreation
- Seaport facilities
- Wildlife conservation
- Highways
- Emergency management response
- Historic monuments
- Public airports
- Housing

Pursuant to Title V of the McKinney-Vento Homeless Assistance Act, surplus properties must be made available for serving the homeless before being made available for other public benefit uses.¹⁴ The Department of Housing and Urban Development (HUD) is responsible for reviewing surplus property to determine if it is suitable for homeless use. If a property is determined to be unsuitable for homeless use, then it becomes available for other public uses at that time.

Surplus properties not conveyed for public benefit are then available for sale at fair market value or are demolished if the property could not be sold due to the condition or location of the property.¹⁵

Limitations of Data Available on the Disposal Process

Given that, by one estimate, the government spends more than \$1.6 billion dollars operating and maintaining unutilized and underutilized buildings each year,¹⁶ oversight of the disposal process has been of ongoing interest to Congress. Access to comprehensive, reliable data on federal buildings is crucial to congressional oversight, because that information may be used to determine if the disposal process is operating efficiently and effectively, identify obstacles to timely disposition, and accurately assess the costs and benefits of different real property policies, among other things.

The primary source of real property data available to Congress is the Federal Real Property Report (FRPR), an annual report that provides aggregate data on agency real property portfolios. The report, which is published by an interagency group of real property officials known as the Federal Real Property Council (FRPC), draws on information stored in a database maintained by the General Services Administration (GSA), the Federal Real Property Profile (FRPP). The Council establishes data definitions and determines what data to collect and report, while GSA actually collects and maintains the data. GSA's database, which is populated with detailed

¹⁴ 42 U.S.C. § 11411.

¹⁵ 40 U.S.C. § 545.

¹⁶ Federal Real Property Council, *FY2010 Federal Real Property Report: An Overview of the U.S. Federal Government's Real Property Assets*, August 2011, p. 6, at http://www.gsa.gov/graphics/ogp/FY_2010_FRPP_Report_Final.pdf.

information about executive branch agency properties, holds a wide range of data that could be useful to congressional oversight—but its usefulness is limited by two factors. First, the data are unreliable. Poor quality data is one of the primary reasons GAO has put real property management on its high-risk list for the past 12 years. Moreover, the annual real property report does not include some data that GSA has collected which might be considered important to oversight committees, particularly data related to unutilized and underutilized buildings. Second, without direct access to GSA’s database—which Congress currently lacks—policymakers only see the data that GSA and the real property council choose to publish. The balance of this section is a discussion of these issues as they pertain to specific data elements that many argue are necessary for effective congressional oversight.

Building Utilization

Aggregate data on the number of unutilized and underutilized buildings is often seen as key to effective oversight because it can enable policymakers to understand the scale of the problem and its costs. The larger the problem, the higher the costs and the more time policymakers may choose to devote to the issue.

The reliability of the data available to Congress, however, has been characterized as poor on several counts. The FRPR, the only comprehensive source of information about unutilized and underutilized buildings, has numerous limitations. First, the source of the report’s data, GSA’s FRPP database, has been criticized repeatedly by GAO for its inability to provide accurate, consistent information on unneeded property. GAO found, for example, that some buildings reported to the FRPP as underutilized were fully occupied, while others reported as occupied were, in fact, vacant.¹⁷ GAO asserted that because these data are not reported uniformly, they “can have no collective meaning when amassed in a single database.”¹⁸ The inconsistent quality of utilization data contributed to GAO’s opinion that the FRPP data—which come to policymakers through the annual real property report—may not “provide an adequate tool for decision making or measuring performance.”¹⁹

Changes to building utilization definitions have also limited the usefulness of reported real property data. In FY2011, and again in FY2013, the FRPR used different definitions of unutilized and underutilized space, resulting in very different totals for each category. The FY2010 FRPR identified 6,700 buildings as unutilized buildings and 71,000 as underutilized.²⁰ The definitions used in the FY2011 and FY2012 FRPRs did not categorize properties as unutilized or underutilized, and so cannot be compared to prior or subsequent years.²¹ In FY2013, after the definitions changed again, agencies reported 3,100 buildings as unutilized and 2,400 as underutilized.²² Under the latest space utilization definitions, the number of buildings categorized

¹⁷ U.S. Government Accountability Office, *Federal Real Property: National Strategy and Better Data Needed to Improve Management of Excess and Underutilized Property*, GAO-12-645, June 2012, pp. 10-11, at <http://www.gao.gov/assets/600/591751.pdf>.

¹⁸ *Ibid.*, p. 24.

¹⁹ *Ibid.*, p. 9.

²⁰ Federal Real Property Council, *FY2010 Federal Real Property Report*, p. 6, at http://www.gsa.gov/graphics/ogp/FY_2010_FRPP_Report_Final.pdf.

²¹ Federal Real Property Council, *FY2011 Federal Real Property Report*, p. 8, at http://www.gsa.gov/portal/mediaId/179651/fileName/FY_2011_FRPP_intro_508.action. Federal Real Property Council, *FY2012 Federal Real Property Report*, August 2013, p. 8, at <http://www.gsa.gov/portal/content/102880>.

²² Federal Real Property Council, *FY2013 Federal Real Property Report*, p. 9, at <http://www.gsa.gov/portal/content/102880>.

as unutilized decreased by 54%, and the number categorized as underutilized decreased by 97%. With such significant changes in the numbers of buildings in each category, it is unclear which definition gives the more accurate picture of the scale of the problem, and therefore how policymakers can best address it.

Operating Costs

The scale of the problem of unutilized and underutilized building space may be described in terms of cost. The amount of funding spent operating and maintaining buildings that are empty or only partially occupied may help policymakers determine whether addressing the problem should be a priority. Cost data may also help policymakers evaluate the cost-effectiveness of various policy alternatives—the greater the potential for savings, the wider the range of policy options that could provide net fiscal benefits to the government.

The FRPR does not include the cost of operating unneeded building space. The data are collected, and, in fact, were included in the FRPR as recently as FY2010, when the government spent \$112 million operating unutilized buildings and another \$1.6 billion operating underutilized buildings.²³ It has not been reported since. Operating cost data are broken out in several ways in the FRPR, such as the cost per square foot of leased and owned buildings, and the cost per square foot of different building types (e.g., offices, warehouses), so it is unclear why the data on the cost of operating unutilized and underutilized buildings have been omitted. The omission does, however, limit policymakers' understanding of the impact of the problem on the government's finances, and the ability to conduct effective cost-benefit policy analyses.

Disposition

There are several data elements that may be useful in evaluating the efficiency and effectiveness of the disposal process itself. Accurate data on the number of unutilized buildings each agency has, and the number of such buildings each agency disposes of in a given fiscal year, could help policymakers identify agencies that are properly managing their unneeded space, and those that are not. Data on the net proceeds from the disposal of unutilized buildings—the sale price less the cost of disposition—could assist Congress in evaluating the potential revenue to be realized from selling unneeded federal buildings, and in planning how to use that revenue. Data on savings realized from reduced annual operating costs could also be helpful for evaluating the potential fiscal benefits of enhanced disposition.

The FRPR does provide some data specific to the disposal of federal buildings, such as the number of buildings disposed of by each agency. The data on annual operating costs saved by disposing of those properties, however, are only reported at the “asset” level, which means the total includes land and structures, as well as buildings. Therefore, it is not possible to determine the savings in operating costs realized by disposing of unutilized buildings.

The FRPR does not include data on net proceeds from the sale of unutilized buildings. The FY2014 report provides the “disposition value,” which is the sale price, and does not reflect the costs to the government of the disposition. Moreover, the disposition values reported are aggregated at the asset level, which means, like annual operating costs, they combine data from land and structures, along with buildings. The actual revenue realized from the sale of unneeded buildings cannot be identified using the current FRPR format.²⁴

²³ Federal Real Property Council, *FY2010 Federal Real Property Report*, p. 6.

²⁴ The FY2015 guidance for agencies reporting real property data to GSA includes a new data element for net proceeds, (continued...)

Leased Space Data

An issue that has gained increased attention from lawmakers in recent years is the government's growing reliance on leased space. The total amount of square feet leased by the government grew from 334 million square feet in FY2003, to 556 million square feet in FY2011, an increase of 67%.²⁵ One of the driving forces of this trend is the way in which leases are scored. When an agency wishes to enter into an operating lease—a lease that will not result in the government owning the building—only the amount needed to cover the first year's lease payments plus cancellation costs must be recorded in the budget.²⁶ For GSA, which self-insures its leases, only the first year's lease payment must be recorded. When an agency wishes to construct or purchase a building, however, the full cost of the project must be recorded in the budget in the year in which the budget authority is to be made available. Under these rules, agencies have found it more feasible to obtain funding for one year of rent than for the entire cost of a building.

The increased reliance on leased space generally brings with it increased operating costs. Leased space is generally less cost efficient than owned space, both measured in terms of current market rates and over the long-term.²⁷ This finding is reinforced by data in the FRPR, which shows that leased space, on average, costs more than four times as much per square foot as owned space.²⁸ In FY2014, a square foot of owned space cost the government \$5.77, while a square foot of leased space cost \$24.04.²⁹ This means even a relatively small amount of leased space can consume a substantial amount of real property resources. To return to FY2014, the executive branch owned 2.51 billion square feet that year, at a cost of \$14 billion, and it leased another 294 million square feet of building space at a cost of \$7 billion.³⁰ Leased space thus represented about 10% of total building space that year, but consumed about 33% of the total funding Congress appropriated for operating costs. As discussed below, however, the data used for these calculations is of questionable quality.

Limitations on the Data Available for Oversight of Leased Space

The FRPR, the primary source for government-wide information on leased space, may not provide accurate data on the amount and cost of leased space. In addition, the FRPR does not provide some data which might assist Congress in understanding the scope and impact of executive branch leasing practices. In particular, the FRPR does not include data on high-value leases and long-term leases, which represent the greatest fiscal exposure to the government.

(...continued)

but it is not clear that these data will be included in the FY2015 FRPR. As noted throughout this report, GSA collects many data elements that it does not include in the FRPR.

²⁵ U.S. General Services Administration, *Federal Real Property Profile: Overview of the United States Government's Owned and Leased Real Property*, September 2003, p. 3, at http://www.gsa.gov/graphics/ogp/Annual_Report_FY2003-R4_R2M-n11_0Z5RDZ-i34K-pR.pdf.

²⁶ U.S. Government Accountability Office, *Federal Real Property: Greater Transparency and Strategic Focus Needed for High-Value GSA Leases*, GAO-13-744, September 2013, p. 6, at <http://www.gao.gov/assets/660/657978.pdf>.

²⁷ *Ibid.*, p. 9.

²⁸ Federal Real Property Council, *FY2014 Federal Real Property Report*, p. 9.

²⁹ *Ibid.*, p.2.

³⁰ *Ibid.*

Amount and Cost of Leased Space

As with data on unutilized and underutilized buildings, the FRPR has been inconsistent in its reporting of leased space data. Most notably, the FY2014 data are inconsistent with historical trends. According to the FY2013 FRPR, the government leased 548 million square feet of building space at a cost of \$9.2 billion—data in line with what was reported in previous years.³¹ The FY2014 FRPR data, however, showed a 45% decrease in the amount of leased space from the previous year, and \$2.1 billion reduction in leased operating costs.³² Moreover, the FY2014 FRPR provided revised figures for previous years, including FY2013 leased space data. According to the FY2014 report, the government leased 306 million square feet in FY2013—a 44% decrease from what it previously reported for that year—and the total cost of that leased space was \$6.8 billion, a \$2.4 billion decrease from the previously reported total of \$9.2 billion.³³ It is not clear why the data for previous years have been revised, or whether the FY2014 data reflect an actual reduction of leased space or simply changes in data collection or reporting.

High-Value Leases

The government's largest lease-holder is GSA, which is required to handle leases for any executive branch agency that does not have independent leasing authority.³⁴ As a consequence, GSA controls two-thirds of the leased space in the executive branch, as measured in terms of square footage.³⁵ When GSA wishes to enter into a lease, it must seek congressional authorization if the projected cost of that lease exceeds a certain threshold, known as the "prospectus threshold."³⁶ The threshold is established each year by GSA, and in FY2014 it was \$2.85 million.³⁷ To obtain authorization, GSA must submit a prospectus—a detailed description of the proposed lease—to two authorizing committees, the House Committee on Transportation and Infrastructure, and the Senate Committee on Environment and Public Works.³⁸ Each committee must separately pass a resolution approving the prospectus before the project may receive appropriations. GSA does not need congressional approval to enter into leases with estimated costs that fall below the prospectus threshold.

In an effort to look for root causes of the government's overreliance on costly leases, GAO examined GSA's prospectus-level leases—which it designated as "high-value" leases—and found that while they comprised just 3% of GSA's total lease portfolio, they represented 36%, or \$1.5 billion, of its total operating costs.³⁹ Oversight of these leases is limited by the fact that the FRPR does not include any information specific to them. GSA does, however, report data on individual leases in monthly spreadsheets, which are available to the public online, and that data could be aggregated and reported in the FRPR.⁴⁰ Key data that could be culled from the spreadsheets

³¹ Federal Real Property Council, *FY2013 Federal Real Property Report*, p. 1.

³² Federal Real Property Council, *FY2014 Federal Real Property Report*, p. 3.

³³ *Ibid.*

³⁴ 40 U.S.C. § 585.

³⁵ *Ibid.*

³⁶ 40 U.S.C. § 3307.

³⁷ U.S. General Services Administration, *GSA Annual Prospectus Thresholds*, at <http://www.gsa.gov/portal/content/101522>.

³⁸ 40 U.S.C. § 3307.

³⁹ U.S. Government Accountability Office, *Federal Real Property: Greater Transparency and Strategic Focus Needed for High-Value GSA Leases*, GAO-13-744, September 2013, p. 9.

⁴⁰ U.S. General Services Administration, *Lease Inventory*, at <http://www.gsa.gov/portal/content/101840>.

includes the number, total annual rent, length of term, and total square feet of high-value leases, categorized by occupying agency. Transparency might be further increased if similar data on high-value leases at agencies with independent leasing authority were also included in the FRPR, although it is not clear whether those data are currently available, or would require new collection methods.

Long-Term Leases

Research has shown that long-term operating leases⁴¹ are especially likely, among all high-value leases, to expose the government to unnecessary costs.⁴² One audit found, for example, that a 30-year lease for the Federal Bureau of Investigation (FBI) building in Chicago, IL, will cost \$40 million more than owning the same amount of space.⁴³ Similarly, an analysis of 89 GSA leases, many of which had 30-year terms, found that the government could have saved almost \$1 billion if it had constructed rather than leased that space.⁴⁴ A relatively high prevalence of long-term leases in an agency's real property portfolio is considered by GAO a management weakness, as it is an indication that the agency's capital planning strategy has not "systematically prioritized which high-value leases have the most cost-saving potential" as construction projects.⁴⁵ Policymakers are thus unable to take the potential savings into account when appropriating funds for real property projects.

The FRPR does not provide any information on the length of agency leases. Some data on the length of GSA leases are available through the agency's lease inventory spreadsheets, including the lease start and expiration years, and annual rent. Oversight might be enhanced if the FRPR provided data on the number of leases GSA held that were 10 years or longer, the annual rent of those leases, and perhaps their total cost. These data would enable Congress to gain perspective on the scale of agency reliance on long-term leases, and the opportunities for cost-savings that could result from funding construction projects instead of operating leases, in some cases.

Concluding Observations: Options for Congress

Throughout this report, several potential limitations to congressional oversight of agency real property portfolios have been discussed. This section provides additional thoughts on those issues and how they might be addressed by Congress.

FRPR Data

Expanding the data reported might enhance oversight and policymaking. As discussed, GSA's annual summary report omits data that Congress might find valuable. The FRPR no longer contains, for example, the annual operating costs of unutilized and underutilized buildings—it

⁴¹ There is no standard definition of a long-term lease—some have suggested terms greater than 20 years, others have suggested terms that exceed 10 or 15 years. A short-term lease is generally considered less than 10 years.

⁴² U.S. Government Accountability Office, General Services Administration: Comparison of Space Acquisition Alternatives—Leasing to Lease-Purchase and Leasing to Construction, GAO-99-49R, March 1999, p. 7, at <http://www.gao.gov/assets/90/88549.pdf>.

⁴³ U.S. Government Accountability Office, *Federal Real Property: Overreliance on Leasing Contributed to High-Risk Designation*, GAO-11-879, August 2011, p. 2, at <http://www.gao.gov/assets/130/126817.pdf>.

⁴⁴ U.S. Government Accountability Office, *Federal Real Property: Greater Transparency and Strategic Focus Needed for High-Value GSA Leases*, GAO-13-744 September 2013, p. 1.

⁴⁵ *Ibid.*, p. 19.

only provides the annual operating costs of disposed assets, thereby providing the “good news” of future costs avoided through disposition while omitting the “bad news” of the ongoing operating costs associated with unneeded properties the government maintains. Similarly, agencies estimate a dollar amount for the repair needs of their buildings and structures as part of their FRPP reporting, but the estimate is then folded into a formula for calculating a “condition index” for each building, which is not reported.⁴⁶ Given that repair needs are an obstacle to disposing of some properties, Congress may find it useful to have agency repair estimates reported separately to help inform funding decisions. Finally, Congress may wish to have data on leases included in the FRPR, including the cost and number of long-term leases.

Addressing real property data quality at GSA might also improve oversight. An audit by GAO, for example, could assess the impact of the change in the definitions of utilized and underutilized buildings, and could include a recommendation of the most appropriate definitions going forward. GAO might also be able to assess the validity of GSA’s revision of prior year lease data, which resulted in a significant decline in the total amount of leased space reported in the FRPR.

Database Access

Obtaining direct access to the FRPP might enhance congressional oversight of agency real property activities. The FRPP contains data such as the number of excess and surplus properties held by major landholding agencies, the annual costs of maintaining those properties, and agency disposition actions. GSA, however, maintains tight control over access to the FRPP, and does not permit direct access to the public and most federal employees, including congressional staff. GSA does consider requests for real property data from congressional offices, but GSA staff query the database and provide the results to the requestor.

Some FRPP data are made public through the annual FRPR, but these summary reports are of limited use for several reasons. Most of the data are highly aggregated (e.g., the total number of unutilized and underutilized buildings held by executive branch agencies), and limited information is provided on an agency-by-agency basis. It is not possible, therefore, for Congress to monitor the performance of individual agencies through the summary reports. Nor is it possible to compare the performance of various agencies, which in turn limits the ability of Congress to study the policies and practices at the most successful agencies and hold poorly performing agencies accountable. Without access to agency-level data, Congress cannot answer basic questions, such as whether the aggregate amount of unneeded space is spread out across agencies, or concentrated with a few? This, in turn, limits the ability of policymakers to ask further questions that drill down deeper into the root causes of the problem. Do the agencies with the most unneeded space share any similarities, such as a change in mission, which might have caused the problem? Or should policymakers look at cumbersome regulations or ineffective management practices at individual agencies as a root cause?

The FRPP also provides data on individual properties that might be useful to policymakers. For example, the database can pull up a “profile” of an underutilized building that includes its annual operating costs, the condition it is in, and the cost of needed repairs, among other information.

⁴⁶ U.S. General Services Administration, Office of Governmentwide Policy, *FY2008 Federal Real Property Report*, August 2009, p. 30.

Comparative Cost Data

Information comparing the cost of leasing to the cost of building or buying space might enhance oversight of long-term operating leases. As discussed earlier in this report, one of the primary reasons GAO has listed federal real property management as a high-risk area since 2003 is that the government increasingly acquires space through leases rather than by constructing or purchasing buildings.⁴⁷ The prospectus approval process provides Congress with an opportunity to exercise oversight of GSA's lease decisions. Given the size of its portfolio, and its role as the procurer of space for numerous other agencies, congressional oversight of GSA's prospectus-level lease proposals has broad implications. The usefulness of the prospectus approval process as an oversight tool, however, may be limited by the fact that GSA is not required to present data that directly compare the cost of leasing versus owning space. This means that Congress is unable to determine whether it is being asked to approve the most cost-effective option for meeting an agency's real property needs.

One option for improving oversight of GSA leases would be to mandate that GSA include comparative cost data in its prospectuses. This would not be a completely new step for GSA to take: in the 1980s and throughout the early part of the 1990s, GSA's lease prospectuses included a comparison of the costs of leasing space to constructing or buying it.⁴⁸ GSA discontinued reporting comparative cost data in the mid-1990s, it said, because funding for construction and purchase alternatives was so limited that they were not considered realistic alternatives.⁴⁹ Legislation requiring GSA to resume reporting comparative cost data would not, therefore, necessarily result in a significant administrative burden for the agency.

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⁴⁷ U.S. Government Accountability Office, *High-Risk Series: An Update*, GAO-13-283, February 2013, p. 107.

⁴⁸ U.S. Government Accountability Office, *Federal Real Property: Greater Transparency and Strategic Focus Needed for High-Value GSA Leases*, GAO-13-744, September 2013, p. 21.

⁴⁹ Ibid.