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GAO
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Highlights

Highlights of GAO-03-609T, a testimony for the Subcommittee on Transportation, Treasury, and Related Agencies, House Committee on Appropriations

Why GAO Did This Study

The General Services Administration (GSA) has responsibility for more than 8,000 owned and leased buildings nationwide, together encompassing about 338 million square feet of space. Understanding construction and operating costs for these buildings is important, as the increased federal budget deficit has led to intensified competition for federal resources and recent events have highlighted security needs.

GAO examined (1) factors that have affected GSA's construction, leasing, and operating costs and (2) our designation of federal real property as a high-risk area.

Www.gao.gov/cgi-bin/getrpt?GAO-03-609T.

To view the full testimony, including the scope and methodology, click on the link above. For more information, contact Bernard L. Ungar at (202) 512-2834 or ungarb@gao.gov.

GENERAL SERVICES ADMINISTRATION

Factors Affecting the Construction and Operating Costs of Federal Buildings

What GAO Found

Several factors have affected GSA's construction, leasing, and operating costs for federal buildings. For example, new security requirements for federal buildings developed after the 1995 bombing of a federal building in Oklahoma City and the September 11, 2001, terrorist attacks have led to increased costs for such measures as strengthening the ability of buildings to sustain a bomb blast and limiting building access. According to a GSA official, security costs for courthouses have increased from about $8 a square foot to about $24 a square foot. Another factor affecting costs is budget scorekeeping requirements meant to ensure full recognition of the government's financial commitments. The scorekeeping requirement that GSA must include in its budget the entire cost of constructing a building in the year the government commits the resources has led GSA to lease space rather than construct it, even though leasing often results in a higher overall cost to the taxpayer. For example, a GSA present value cost analysis estimated that the recently leased U.S. Patent and Trademark Office complex shown below, currently being constructed in Alexandria, Virginia, by a private company, cost taxpayers about $48 million more to lease over the 20-year lease period than it would have cost to purchase it.

In January 2003, GAO designated federal real property as a high-risk area, in part because of such cost factors and also because many property assets are no longer effectively aligned with or responsive to agencies' changing missions and are no longer needed. Furthermore, many assets are in an alarming state of deterioration that may cost tens of billions of dollars to address. GAO believes there is a need for a comprehensive and integrated transformation strategy for federal real property.

The U.S. Patent and Trademark Office Complex in Alexandria, Virginia, February 2003

Source: U.S. Patent and Trademark Office.