



Highlights of [GAO-09-801T](#), a testimony to Subcommittee on Economic Development, Public Buildings, and Emergency Management, Committee on Transportation and Infrastructure, U.S. House of Representatives

Why GAO Did This Study

In January 2003, GAO designated federal real property as a high-risk area because of long-standing problems with excess and underutilized property, deteriorating facilities, unreliable real property data, over-reliance on costly leasing, and security challenges. In January 2009, GAO found that agencies have taken some positive steps to address real property issues but that some of the core problems that led to the designation of this area as high risk persist.

This testimony focuses on (1) progress made by major real property-holding agencies to strategically manage real property, (2) ongoing problems GAO has identified in recent work regarding agencies' efforts to address real property issues, and (3) underlying obstacles GAO has identified through prior work as hampering agencies' real property reform efforts governmentwide.

This testimony is largely based on GAO's extensive body of work on real property high-risk issues, including reports on efforts by the Office of Management and Budget (OMB) and executive branch agencies to address real property issues. No new recommendations are being made.

View [GAO-09-801T](#) or [key components](#). For more information, contact Mark L. Goldstein at (202) 512-2834 or goldsteinm@gao.gov.

FEDERAL REAL PROPERTY

An Update on High-Risk Issues

What GAO Found

OMB and real property-holding agencies have made progress in strategically managing real property. In response to an administration reform initiative and related executive order, agencies have, among other things, established asset management plans, standardized data, and adopted performance measures. According to OMB, the federal government disposed of excess real property valued at \$1 billion in fiscal year 2008, bringing the total to over \$8 billion since fiscal year 2004. OMB also reported success in developing a comprehensive database of federal real property assets and implemented a GAO recommendation to improve the reliability of the data in this database by developing a framework to validate these data. GAO also found that the Veterans Administration has made significant progress in reducing underutilized space. In another report, GAO found that six agencies reviewed have processes in place to prioritize maintenance and repair items.

While these actions represent positive steps, some of the long-standing problems that led GAO to designate this area as high risk persist. Although GAO's work over the years has shown that building ownership often costs less than operating leases, especially for long term space needs, in 2008, the General Services Administration (GSA), which acts as the government's leasing agent, leased more property than it owned for the first time. Given GSA's ongoing reliance on leasing, it is critical that GSA manage its leasing activities effectively. However, in January 2007, GAO identified numerous areas that warranted improvement in GSA's implementation of four contracts for national broker services for its leasing program. GSA has implemented 7 of GAO's 11 recommendations to improve these contracting efforts. Although GAO is encouraged by GSA's actions on these recommendations, GAO has not evaluated their impact. Moreover, in more recent work, GAO has continued to find that the government's real property data are not always reliable and agencies continue to retain excess property and face challenges from repair and maintenance backlogs. Regarding security, GAO testified on July 8, 2009, that preliminary results show that the ability of the Federal Protective Service (FPS), which provides security services for about 9,000 GSA facilities, to protect federal facilities is hampered by weaknesses in its contract security guard program. Among other things, GAO investigators carrying the components for an improvised explosive device successfully passed undetected through security checkpoints monitored by FPS's guards at each of the 10 federal facilities where GAO conducted covert testing.

As GAO has reported in the past, real property management problems have been exacerbated by deep-rooted obstacles that include competing stakeholder interests, various budgetary and legal limitations, and weaknesses in agencies' capital planning. While reforms to date are positive, the new administration and Congress will be challenged to sustain reform momentum and reach consensus on how such obstacles should be addressed.