

Amendment #797 — To Delay or Cancel New Construction, Purchasing, Leasing, and Renovation of Federal Buildings and Office Space

The federal government has an unacceptable amount of excess and underutilized federal real property due to mismanagement by agencies and political pressures from Congress. Unneeded property costs taxpayers \$1.7 billion annually to operate and maintain.¹

Scare federal funding should be directed to programs assisting those in need, not to lavish renovations of federal office space or construction and purchasing of new federal buildings.

It is inappropriate, at a time of record deficits and in light of the more than 1.2 million federally owned buildings, structures, and land parcels, for Congress to authorize any further federal property purchases, new construction, or renovations to existing office space. Washington is cutting back and as federal agencies begin to reevaluate and prioritize, there should be little need for new office space.

This amendment would prohibit any funding in the bill from being used for the purchasing, leasing, constructing or renovating of any new or existing building, office space, or property—with the exception of cases involving national security or personnel safety. The amendment would *not* prohibit funding for existing projects and would not affect construction, purchasing, leasing, or renovating of space needed for safety or national security purposes.

Budget Cuts Have Already Lead to Low-Priority Construction Cut Backs and Consolidation Efforts

In times of budget restraint, it makes sense to cut back on new purchases and construction of federal buildings, in order to ensure enough funding exists for ongoing initiatives. Even more however, ongoing renovation and construction projects with significant projected costs and overruns must also be scaled back to accommodate shrinking budgets. Just this month, the General Services Administration (GSA) announced it is postponing

¹ Government Accountability Office, —Federal Real Property: Progress Made on Planning and Data, but Unneeded Owned and Leased Facilities Remain, April 6, 2011, <http://www.gao.gov/products/GAO-11-520T>.

indefinitely its multi-million head quarters renovation, due to budget cut backs and higher priority projects.²

According to the Federal Times, GSA is in the middle of a two-phase, \$250 million renovation project. Phase one renovated most of the existing 700,000 square foot building, costing more than \$160 million. Phase two, which is being indefinitely suspended, would have *added more than 105,000 square feet of space*. GSA admits that by relocating employees from temporary space back to the headquarters earlier than expected, they will save at least \$28 million annually in leasing and operating costs, delay spending the remaining \$100 million for the overall construction project, and even “improve the way the agency operates.”

This amendment would require all agencies and offices funded in this legislation, including the Departments of HUD, Transportation, Justice, Commerce, and Agriculture, as well as NASA and NSF, to follow the GSA’s lead, by placing a freeze on spending related to new building and office space purchases, construction, leasing and renovations.

The Federal Government Has Billions of Dollars in Excess Property and Should Not Initiate New Construction or Purchase New Buildings

According to the Office of Management and Budget there are currently 46,745 under-utilized properties and 18,849 are not being utilized. That is a total of 65,594 properties with an estimated value \$83 billion that should be sold, better managed or demolished.

Even the President’s Fiscal Commission acknowledged the overflow of federal property, recommending a significant sell off of unused government property, stating, “The federal government is the largest real property owner in the country, with an inventory of more than 1.2 million buildings, structures, and land parcels.”

The Department of Agriculture alone has more than 4,000 buildings currently considered “excess,” and not being utilized by the Department. Meanwhile, both NASA and the Department of transportation have at least 110 excess buildings.

² Federal Times, October 6, 2011, “Budget cuts prompt GSA to halt renovation of its headquarters,” <http://www.federaltimes.com/article/20111006/FACILITIES02/110060305/1001>.

In addition, unneeded courthouse construction is also costing taxpayers hundreds of millions of dollars. According to a 2010 GAO report, thirty-three federal courthouses completed over the last decade cost \$835 million included 3.56 million square feet of extra space that was above the congressionally authorized size. Even more, the annual cost to —rent, operate and maintain—these courthouses is \$51 million.

While this excess property across the federal government is quietly costing the American taxpayer billions of dollars per year, Congress continues to provide more funding every year to agencies for the purchasing and constructing of even more federal buildings and office space. By prohibiting new purchases and construction for Fiscal Year 2012, agencies would be encouraged to better use their currently unused property, and direct federal resources to assistance programs, not office spaces for Washington bureaucrat.

The President Proposed Scaling Back Construction at NSF, Department of Justice, and the Department of Agriculture

In his FY 2012 budget, the president proposed scaling back on new and existing construction at several agencies, including the National Science Foundation and the Department of Justice.

Most notably, the president’s budget recognizes that funding and initiating new federal construction significantly hampers an agencies ability to meet its existing construction project demands, many of which are delayed and sitting in a long list of backlogged projects. For example, the president’s FY 2012 budget calls for a reduction in new road construction activities and new facility construction at the Department of Agriculture’s Forest Service, to “allow the Forest Service to focus on health and safety risks at agency owned buildings and recreation sites and reducing critical deferred maintenance.”

A Washington Post article³ just this week explains that the Department of Justice is working to consolidate DOJ office space and as the Attorney General explains, this effort, “complies with President Obama’s order to

³ http://www.washingtonpost.com/blogs/federal-eye/post/justice-department-lawyers-irked-by-plans-to-close-offices/2011/10/17/gIQAzZ7EsL_blog.html

dispose of unneeded federal real estate, which saves American taxpayer dollars.”

According to the article, “Dozens of career antitrust lawyers at the Justice Department are likely to quit if the department goes through with plans to close four regional offices, according to several of the attorneys.”

“Officials this month announced plans to close four regional offices of the department’s antitrust division, in Atlanta, Cleveland, Dallas and Philadelphia, and to move 94 attorneys and support staff members to offices in Chicago, New York, San Francisco and division headquarters in Washington. The plans would allow the department to consolidate operations and focus on larger criminal investigations, and department officials said they would pay to relocate the attorneys and support staffers willing to move.”

The article goes on to explain the president’s effort to find savings in building costs, “Obama last year ordered agencies to cut \$8 billion worth of building costs by the end of the 2012 fiscal year. Shutting the four offices would save Justice \$8 million annually as part of Holder’s broader plans to cut \$130 million in operational costs, the department said. In anticipation of deeper cuts, Justice has implemented a hiring freeze and spending cuts for department-sponsored conferences.”

The president also requested reductions in construction accounts for several offices at the Department of Justice, including the U.S. Marshals, the FBI, and the Bureau of Alcohol, Tobacco, Firearms, and Explosives.

Meanwhile, the Senate CJS appropriations bill maintains the president’s termination of the \$1 billion Deep Underground Science and Engineering Laboratory project funded through NSF. According to the president’s budget, after a review of the project by the National Science Board, “the Board came to a clear, unambiguous, and decisive conclusion -- the large cost and the scientific scope of DUSEL were inconsistent with NSF’s traditional role in advancing fundamental research and education across many fields and disciplines.”

Federal Agency Buildings Construction and Renovations Funded in the MiniBus

While the Senate AG/CJS/THUD appropriations bill *reduces* funding for various government programs, it provides millions of dollars to renovate federal buildings and workspace for Washington bureaucrats. These funds would certainly be better directed to either critical programs or toward deficit reduction.

Some examples of federal building construction funds provided in the Act:

- \$60 million for the “construction of new research facilities, including architectural and engineering design, and for renovation and maintenance of existing facilities” for the National Institute of Standards and Technology.
- \$75 million for the FBI and \$10 million for the DEA, for the cost of equipment, furniture, and IT related to construction or acquisition of building facilities, or for conversion modification, and extension of federally owned buildings, including preliminary planning and design projects. (According to their website, the FBI maintains more than 500 offices, including their more than 2 million square foot headquarters in Washington, 56 field offices, 400 resident agencies across the country, and more than 60 international offices.)
- \$5 million for “necessary, including blast windows, for the renovation and modernization of Department of Commerce facilities.”
- \$3.1 million for plans, construction, and repair of Department of Agriculture facilities.
- \$82.2 million for the Agricultural Marketing Service for necessary expenses, including alteration and repair of buildings and improvements.
- \$8.9 million for the Food and Drug Administration for construction, repairs, and improvements to their building and facilities.

Federal Times
October 6, 2011

<http://www.federaltimes.com/article/20111006/FACILITIES02/110060305/1001>

Budget cuts prompt GSA to halt renovation of its headquarters

By ANDY MEDICI

Severe budget cuts are forcing the General Services Administration to abandon indefinitely further renovations and a planned expansion to its headquarters in Washington.

Employees who have been working in temporary leased offices during the renovation will move back to the headquarters building by February 2013 — 18 months ahead of the original move-in date — according to an Oct. 5 email distributed to GSA employees by Emily Barocas, GSA's associate administrator for communications.

Barocas said the earlier relocation will save money and reuniting employees at headquarters will improve the way the agency operates. But she added "there is going to be some disruption" associated with the relocation, and she labeled the upcoming move the next phase of GSA's "extreme challenge."

Employees were also notified of the curtailed plans with a video on GSA Administrator Martha Johnson's internal blog.

The headquarters renovation project had been divided into two phases with \$162 million obligated for the first phase. GSA has estimated the total project to cost between \$200 million to \$250 million.

Phase one renovated most of the existing 700,000-square-foot building while phase two would have added more than 105,000 square feet of space.

Barocas said that by ending three current leases early and moving employees back to headquarters, the agency will save \$28 million annually in leasing and operating costs.

GSA plans to begin phase two of the renovations when it gets funding for the project.

But it appears that is not likely to happen anytime soon.

GSA is not expected to request money for the next phase of its headquarters renovation because it has other higher-priority projects to complete, including the Food and Drug Administration's consolidation at White Oak, Md., and the Department of Homeland Security consolidation in Southeast Washington, according to a congressional aide familiar with the agency's budget who asked not to be named.

The agency has renovated about 70 percent of the building, according to the aide.

Budget cuts over the last year have sent the agency reeling, forcing GSA to postpone or cancel projects across the country and threatening GSA's ability to provide basic services for its federal tenants.

GSA saw its funding for new construction drop 91 percent from fiscal 2010 to fiscal 2011 and saw a 32 percent cut to its renovation budget.

Proposals for fiscal 2012 are bleaker: The House Appropriations Committee provided no money for new construction and \$280 million for repairs. The Senate legislation provides \$56 million for repairs and \$280 million for new construction.

The federal building fund — the revolving pool of funding GSA uses to maintain property, pay rent and manage its construction and renovation portfolio — was cut from \$9.1 billion in 2010 to \$7.6 billion in 2011. Legislation passed by the House would cut it still further, to \$7.2 billion, the lowest level since 2007.