

**Statement of Nina Albert, Commissioner of the Public Buildings Service  
Before the Senate Committee on Homeland Security and Governmental Affairs  
Hearing on the "FASTA Implementation and Optimizing the Efficient Use of Federal  
Property"**

**June 08, 2023, 10AM ET**

**Dirksen Senate Office Building**

Good morning, Chairman Peters, Ranking Member Paul, and members of the Committee. My name is Nina Albert, and I am the Commissioner of the Public Buildings Service at the U.S. General Services Administration (GSA). I appreciate the Committee's interest in the use of Federal real property, and how we can work to optimize the size and condition of GSA's real estate portfolio.

Earlier this year, President Biden released his budget request for fiscal year (FY) 2024. The budget identifies adjustments to GSA authorities and highlights specific capital investments that achieve immediate value by improving the conditions in and utilization of Federal buildings. Taken together, these investments and enhanced authorities are intended to generate long-term savings by better utilizing the space we own, reducing the Government's dependence on private-sector leases, and disposing of facilities that are no longer needed. From a strategic perspective, we are seeking the combination of investments and authorities needed to modernize facilities that the Government will continue to own and to optimize our space utilization, so that we can best support agencies' missions and save taxpayers money. Without these investments and authorities, conditions in Federally owned facilities under GSA's control will continue to deteriorate, which leads to underutilized buildings, and leasing out of necessity, which drives up cost to the government.

There are significant opportunities across the GSA portfolio where consistent and adequate funding can be used to drive real estate savings. To help give you a sense of the scale of the

opportunity, in FY 2024, of the approximately \$10.7 billion in agency rent payments and other revenues that GSA projects will be deposited into the Federal Buildings Fund (FBF), approximately \$5.7 billion, or just over half, will be passed through as rent payment by GSA to private sector lessors. While leasing will always be a vital element of GSA's real estate strategy, even a 20% reduction in the overall amount spent on private sector leases represents potentially \$1 billion annually in rent costs.

To that end, it is imperative that GSA has full access to its annual collections in order to be able to reinvest in its federally owned properties and make this transition successful. As such, GSA's FY 2024 Budget Request includes a legislative proposal that will help ensure that GSA is provided full access to the annual revenues and collections deposited in the Federal Buildings Fund.

I would like to emphasize that delaying action on critical building repairs increases the ultimate cost to the government, particularly when we are forced to make more costly emergency repairs. Many of the proposed fiscal year 2024 projects include essential infrastructure work and alterations necessary, not only to improve building operability, but also to improve agency utilization and mission achievement. Deferring this work does not eliminate the need for the work; rather, continued delays in funding further exacerbate the problems and repairs turn into replacements, with the potential for system failures that result in cascading impacts to occupant agency missions. In the most extreme cases, this can involve potential relocation to leased space until such time that the repairs are made. In FY 2023, eight of the 17 Major Repairs and Alterations line item projects requested were resubmissions from a prior year's budget request that were not funded when previously submitted. The collective total cost for those eight projects was \$122 million above the amounts needed when originally submitted in prior fiscal year. In FY 2024, 13 out of 17 Major Repairs and Alterations projects proposed are resubmittals;

collectively, the total costs for those projects is now \$300 million higher than the aggregate projects cost when submitted in prior fiscal years.

Tenant-agencies make rental payments to GSA with the expectation that such funds will be used to properly maintain the facilities they occupy. However, the structure of the FBF is such that agency rental payments are deposited each and Congress must appropriate those monies before GSA can access the funds to carry out that work. And, instead of resources being made available to GSA to support portfolio modernization and optimization, agency rental payments have been used as an offset to fund different Congressional priorities at other agencies. As a result, since 2011, GSA's Capital Investment Program has been underfunded compared to the President's budget revenue estimate by over \$12.4 billion. GSA's Major and Minor Repairs and Alterations Program has experienced the largest shortfall—receiving over \$7.2 billion less than requested—while the New Construction and Acquisition Program has received \$4.1 billion less than requested. Modernizing federally owned facilities will enable GSA to consolidate and reduce the Federal Government's heavy reliance on space leased from private entities, providing significant cost savings.

In order to reduce the timeline for project delivery and provide better value to Federal agency customers, GSA is proposes an increase to the prospectus threshold from \$3.613 million to \$10 million. The higher threshold will allow GSA to more quickly tackle many routine repair projects that exceed our current threshold, which can help reduce repair costs and prevent smaller repair projects from growing into larger, more expensive replacements. The higher threshold will allow Congress to remain engaged on the most costly and complex transactions.

Support of GSA's full FY 2024 budget request, including the \$2.3 billion requested for capital program investments and enhanced flexibilities with respect to projects, will enable GSA to help

address these concerns. This will allow the agency to invest in GSA's federally owned properties and reduce GSA's reliance on privately leased space to deliver the best possible value in real estate management for our partners across Government. GSA operates in over 2,200 communities across the nation, so this investment in GSA's federally owned properties will positively impact those communities through enhanced job creation and opportunities for economic development.

GSA is the federal government's arm for real property dispositions. We help the Department of Defense, Department of Interior, GSA's Public Buildings Service, and other agencies with all disposition strategies. As part of the Government's overarching strategy to right-size the federal footprint, GSA works with partner agencies to identify federally-owned properties that can be removed from the federal inventory. The majority of GSA's dispositions are carried out through its existing authorities under Title 40 of the U.S. Code. Additionally, in 2016, Congress created a pilot supplemental disposal pathway under the Federal Asset Sale and Transfer Act of 2016 ([Public Law 114-287](#)) (FASTA), under which GSA would dispose of the slate of properties identified by the Public Buildings Reform Board (PBRB) and approved for disposition by the Office of Management and Budget (OMB). In practice, however, the FASTA process has not significantly expanded the universe of properties entering the disposal pipeline, nor has it significantly reduced the time needed to dispose of a given property. GSA has shared this and other lessons learned from the FASTA pilot with its stakeholders, including this committee, and is applying the relevant lessons learned to our pipeline of current dispositions. There are a few key points worth highlighting today as we consider how to optimize the portfolio.

First, one of the premises behind the rationale for FASTA was there were thousands of vacant properties readily available for disposition in the federal inventory. Agencies have been working for almost 20 years on the disposition of unneeded real property, and , instead what we saw

was that only a limited number of properties were readily available for disposition, and 25 out of the 27 of those properties recommended by the Public Buildings Reform Board in the first two rounds of FASTA were already being planned by agencies for disposal through Title 40 authorities under the Federal Property and Administrative Services Act (FPASA). The reality is that agencies that currently occupy underutilized facilities need resources and support to move. GSA's FY 2024 budget request includes a legislative proposal to expand allowable uses of the Expenses, Disposal of Surplus Real and Related Personal Property appropriation, permanently authorized under section 572(a) of Title 40 to provide that support. The expanded authority will allow GSA to better assist agencies in identifying and preparing real property prior to the agency declaring a property excess. This will allow GSA to help agencies rightsize their portfolios by providing the resources and support necessary to assess, prepare, and accelerate underutilized property for disposition. Further, agencies will likely need budget authority to relocate from underutilized buildings into more efficient locations.

Another premise embedded in the rationale for FASTA was that the disposition process was significantly impeded by the requirements of FPASA. Instead, we learned that waiving various FPASA requirements only reduced the overall disposal timeline by a modest amount, while also eliminating input from community stakeholders that is typically included as part of that process. The most impactful acceleration to the disposition process will come from providing agencies with necessary resources and support to manage upfront costs and prepare properties for disposition.

As the Government's largest provider of real estate and real estate services to civilian agencies, GSA will play a key role in helping agencies redefine their space requirements and in the facilitation of the Federal Government's transition to what is likely to be a smaller, less costly real estate footprint. GSA and Federal agency alignment around the opportunity to right-size

GSA's real estate portfolio into one that is high performing, more efficient, and physically smaller than today's inventory has never been better. New thinking and new approaches, combined with the fact that over half of the leases held by GSA are expiring in the next five years (representing approximately 20% of the footprint or 86 million square feet of space), illustrate how this budget request and potentially others in the near future will determine the makeup, condition, size, and functionality of tomorrow's real estate portfolio. I look forward to sharing more about what GSA is doing to right-size the Federal real estate portfolio while positioning our portfolio to meet agencies' needs for a 21st century workforce.

Thank you for this opportunity to testify before you today, and I look forward to answering any questions you may have at this time.