



# U.S. General Services Administration

Dan Tangherlini  
Acting Administrator

Committee on Homeland Security and Governmental Affairs

“Nomination of the Honorable Daniel M. Tangherlini to be  
Administrator, U.S. General Services Administration”

June 18, 2013

Good morning Chairman Carper, Dr. Coburn, and Members of the Committee.

Over one year ago, President Obama appointed me as the Acting Administrator of the U.S. General Services Administration (GSA) during a very challenging time for the agency. From my first day on the job, I have worked with the women and men of GSA to restore the trust of the American people and to ensure that the agency provides them with the highest quality of public service.

I am very proud of what we have been able to accomplish at GSA over the past year. We have made real progress at a time when the mission of our agency has never been more important.

Today, as budgets tighten, GSA is uniquely positioned to help federal agencies get better outcomes from their program dollars by leveraging the scope and scale of the federal government to deliver common sense solutions and significant savings. By working through GSA to contribute to and benefit from this leverage, agencies can free-up valuable funding to improve programs and services. By working together, agencies work smarter, more efficiently, and more effectively. GSA provides a platform for this type of interagency collaboration.

The scope and breadth of the responsibilities of GSA are not only wide-ranging, they are also essential to the effective operation of the federal government. With more than 12,500 employees, GSA's mission is to deliver the best value in real estate, acquisition, and technology services to the government and the American people.

As the landlord and caretaker for federal properties, GSA owns or leases 9,624 assets, maintains an inventory of more than 370 million rentable square feet of workspace, and preserves more than 481 historic properties.

The Agency has an annual business volume of more than \$60 billion; manages more than 200,000 fleet vehicles; assists tens of thousands of federal travelers through our electronic travel system; and serves as a focal point for data, information, and services offered by the federal government to its citizens.

Through the buying power of the federal government, we are able to negotiate leases that, on average, are more than 11 percent below market rates. This buying power has created annual savings of \$30 million across our leased portfolio in realized cost avoidance. We also work aggressively to ensure that the facilities we own are being used to the maximum extent. Nationally, GSA's vacancy rate is 3.1 percent, far below the private sector average of 17.4 percent. If our vacancy rate were as high as the private sector's, it would cost the taxpayers an additional \$1 billion this year alone.

In addition to helping customer agencies save on space, GSA's strategic sourcing initiatives create significant savings by encouraging agencies to commit to the collective purchase of certain commodities at the best value. By buying once and buying well, strategic sourcing has saved the American public more than \$300 million since 2010. For example, GSA has been able to negotiate prices for office supplies that are 13 percent below what we have previously paid. This has already saved federal agencies more than \$127 million. At the same time that GSA has helped agencies realize these savings, we also directed more than 76 percent of the dollars spent on office supplies to small businesses. This is just part of our agency's ongoing commitment to supporting these entrepreneurs while also accessing the value and services they offer for the entire federal government. We are very proud of the A+ ranking GSA received from the Small Business Administration for the past two years. As we move forward, we are committed to working with all agencies across government to improve their grades as well.

Since last year, we have focused on strategies to make our operations more efficient and more accountable to taxpayers while working closely with our Inspector General, Brian Miller, to ensure that our entire agency is living up to the highest standards of public service.

To that end, GSA has engaged in a comprehensive top to bottom review of the agency, gathering input from individuals at every level of the organization, as well as from our partners in the federal government. We have also spoken with leaders in the private sector, including members of the President's Management Advisory Board, Hewlett Packard, and Cummins, Inc., among others, to incorporate best practices from the business world. This process has helped us cultivate a culture of continuous evaluation and improvement throughout GSA.

More importantly, this has led to concrete results, transforming GSA into an improved organization--one that offers common sense business solutions to our federal partners. During the past fiscal year we reduced our spending on travel, IT devices, and printing to end the year 43% lower than our FY10 baseline for those items. In travel alone, we saved \$28 million dollars by revising our internal travel and conference policies. Last year, we reduced bonuses throughout GSA by 64 percent, including the elimination of all bonuses within the administrator's office. This change was accompanied by a targeted hiring freeze designed to ensure that any new hires were aligned with the outcomes of our ongoing review. In addition, we created more than \$5 million in savings as a result of implementing suggestions offered by GSA employees during our "Great Ideas Hunt."

Another significant finding of the top to bottom review was the existence of a widespread duplication of support services throughout the agency. As a result, we are in the process of consolidating key administrative service functions to eliminate unnecessary redundancy and better align internal operations. We expect this effort will save us \$200 million over the next 10 years.

I am very proud of the work that we have done over the past year, and I am excited at the prospect of helping to shape GSA's future. As I said earlier, our mission is more important than ever before. Everyone at GSA is working to ensure that we provide even more savings to our fellow agencies. I believe that one of our most critical strategies in this effort is the expansion of our market share of federal spending. By assuming more of the government's market share and managing its purchasing and portfolio, we will not only increase savings, but enable better, more consistent management of our resources.

Simultaneously, we are developing common sense solutions to help agencies across the government shrink the federal footprint and find ways to dispose of unneeded or unused federal properties, which can in turn contribute to local economies. We are working with the real estate industry through public-private partnerships to explore the possibility of exchanging outdated federal properties for the construction of new facilities that meet the needs of these agencies today.

GSA is also developing new, more efficient ways to utilize federal office space. Our own historic headquarters is a test bed for this approach. We are transforming what was traditional office space into a collaborative, flexible work environment designed to facilitate cooperation, mobility, and improved productivity. As a result, we expect to see the utilization rates in that building increase from rates of below 50 percent to rates as high as 80 percent. Those changes will make it possible for us to eliminate more than \$24 million of annual lease payments throughout Washington DC and Northern Virginia. We are hoping to take the lessons we learn from the transformation of our workplace and make available to the entire federal government.

At the same time, President Obama's FY14 Budget will enable us to make a significant investment in America's infrastructure. This budget restores GSA's authority to fully use incoming rent funds to make a significant \$1.3 billion investment in the repair and maintenance of GSA's inventory.

All of us at GSA understand that every taxpayer dollar counts and that its stewardship is our most significant responsibility. We know that by providing services that offer both savings and results, we help other agencies focus on their own important missions. That is why we are creating a culture of continuous evaluation and reevaluation of our internal processes and implementing measurable outcomes for success. I am honored to have served in this agency over the last 14 months and with your approval, I hope to have the opportunity to continue working with the women and men of GSA to accomplish our important mission.

Thank you.