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Committee on Environment
and Public Works

Washington, D.C.

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OVERSIGHT OF THE GENERAL SERVICES ADMINISTRATION: EXAMINING THE FEDERAL REAL ESTATE PORTFOLIO

Wednesday, September 27, 2023

United States Senate

Committee on Environment and Public Works

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The committee met, pursuant to notice, at 10:00 a.m. in room 406, Dirksen Senate Office Building, the Honorable Thomas R. Carper [chairman of the committee] presiding.

Present: Senators Carper, Capito, Cardin, Merkley, Markey, Ricketts, Sullivan.

STATEMENT OF THE HONORABLE THOMAS R. CARPER, A UNITED STATES SENATOR FROM THE STATE OF DELAWARE

Senator Carper. Now, I am going to call this hearing to order. We have disposed of our business. We did some good work on three bills. That is pretty good morning's work already.

I want to start by thanking both of our witnesses, one of whom looks very familiar. I think I spent some time with you and a bunch of other people out at Saint Elizabeths yesterday for a tour. It was very interesting; thanks for spending that time with us. My thanks to Commissioner Nina Albert and David Marroni for agreeing to testify before our committee this morning.

We are here today to examine the current use of Federal office space, affectionately known as the Federal Real Estate Footprint, and to identify opportunities for improving how we manage these assets on behalf of the American taxpayers.

The General Services Administration, GSA, manages more than 363 million square feet spaced across the Country in 8,400 buildings. That is a lot. That is the equivalent of 240 U.S. Capitol Buildings. Think about that: the equivalent of 240 U.S. Capitol Buildings.

Unfortunately, a recent GAO report found an alarming amount of this space is currently underutilized. According to this report from GAO, Federal headquarters buildings, on average,

have an occupancy rate of only 25 percent.

Low occupancy is not a new challenge, as some of you know. In fact, the management of Federal real property has been a challenge for decades. In 2003, the GAO placed the management of Federal buildings on their High Risk List, due in large part to underutilized space. Tom Coburn and I were partners together on the Homeland Security Committee. We worked a lot with the GAO on their High Risk List year after year. This to-do list, as I like to call it, calls attention to Federal agencies and program areas that are high risk due to their vulnerabilities to fraud, to waste, to abuse, and mismanagement, or are most in need of transformation.

Our late colleague, Senator Tom Coburn from Oklahoma, was a great partner, as I said, in our bipartisan efforts on Homeland security committee to improve Federal property management practices. Every two years, at the beginning of a new Congress, GAO puts out their High Risk List, and I always think of Tom Coburn and renew my energy and interest in making sure that we get as much off that list undertaken and completed.

Now, it is 2023, and the management of Federal buildings remains on the High Risk List more than 20 years later. To make matters more complicated, the GAO is considering adding the maintenance backlog for Federal buildings to that list in 2025.

It is clear that underutilization remains a problem,

especially as many Federal employees continue working remotely following the COVID-19 pandemic. Now, as President Biden calls on more Federal employees to return to the office, GSA must work with agencies to identify ways to consolidate, co-locate, and dispose of space to meet current and future needs.

After all, an average Federal building of 25 percent is, to be a bit blunt about it, I think it is a waste of resources. It is not a sustainable or fiscally responsible way to manage our Federal real estate.

We know that GSA faces significant challenges when it comes to modernizing and right sizing our Federal buildings, but as I often say, in adversity lies opportunity. I will say it again this morning. In adversity lies opportunity. More than half of GSA-managed leases are set to expire by 2027. This is an opportunity for the agency to truly right-size our Federal office space after years of just talking about it.

We also know that it is possible to save the Federal Government and our taxpayers money, a lot of money, while tackling climate change at the same time. Last Congress, we provided GSA with robust funding through the Bipartisan Infrastructure Law and the Inflation Reduction Act to modernize and right-size buildings in their portfolio. This includes making buildings more energy-efficient and resilient to climate change, as well as promoting the use of low-carbon construction

materials. We look forward to hearing more on the implementation of these investments from our witnesses today.

With that in mind, yesterday I was able to join some of the folks in this room, some of the people sitting behind me, to again visit the Department of Homeland Security's St. Elizabeths campus. This is a project that I have been focused on since my time as Chairman of the Homeland Security and Governmental Affairs Committee.

The Department of Homeland Security began efforts to consolidate its headquarters in 2005. It has been a long, complicated process. Thanks to a $288 million investment from the Inflation Reduction Act, GSA has been able to finally relocate the headquarters of the U.S. Cybersecurity and Infrastructure Security Agency, known as CISA, as well as the Immigration and Customs Enforcement, to the St. Elizabeths campus, and that is no small feat.

According to GSA, these consolidation efforts are going to reduce the Department's real estate footprint by over 1.2 million square feet in the capital budget region, the equivalent of 21 football fields. That is 21 football fields. What is more, it is expected to save taxpayers some $1.3 billion over the next 30 years.

As I said earlier today, today's hearing is an opportunity to think strategically about how we move forward together to

support and encourage GSA's efforts to right-size and modernize the Federal workforce. It is going to take a collaborative effort on the part of GSA and each Federal agency to determine the amount of office space that the government needs now and into the future, as workforce policies continue to evolve.

With that, we look forward to hearing testimony of what efforts GSA is already taking to address the challenges of managing the Federal real estate portfolio, as well as what we can be doing to be better stewards of the Federal purse and taxpayer's money. As I often say, everything that I do, I know I can do better. The same can be said here. We can do better. We need to do better.

Before we hear from our witnesses, I am happy to turn to our Ranking Member, Senator Capito, for her opening remarks. Senator Capito, thanks for your strong interest in this ongoing interest in this topic and for your encouragement for us to hold today's hearing. You are recognized.

[The prepared statement of Senator Carper follows:]

STATEMENT OF THE HONORABLE SHELLEY MOORE CAPITO, A UNITED STATES SENATOR FROM THE STATE OF WEST VIRGINIA

Senator Capito. Thank you, Mr. Chairman, and thanks, welcome to our witnesses. I want to thank you for calling this hearing. It is something that I am very interested in.

Even before the increased telework policies that followed COVID-19, there was a need to reduce the Federal real estate portfolio. This expansion of remote work has led to a renewed focus on modernizing that portfolio as communities across the Country watch our Federal buildings continue to sit empty.

This summer, Mr. Marroni, who is one of our witnesses, shared preliminary results from GAO's work on the space utilization of Federal buildings before a House Committee. As we will discuss today, GAO found that, these numbers are stunning, in my opinion, that 17 of the 24 Federal agency headquarters that they reviewed, this is in the Washington, D.C. area, used an estimated average of 25 percent or less of their respective building's capacity.

GAO found that GSA was only utilizing an estimated 11 percent of the space in their headquarters building. I know that GSA has taken actions to improve their space utilization, but clearly, more work needs to be done. GAO also found that a particular Federal agency, if all assigned staff entered the building on the same day, would then still only be using 67

percent of the building's capacity based on usable square feet.

Each year, it costs billions of taxpayers' dollars to operate and maintain these Federal buildings, regardless of their utilization. This is simply unacceptable.

I was encouraged to see the Biden Administration call on Federal agencies to increase the amount of in-person work following the release of this result. Although, anecdotally, however, the Nuclear Regulatory Commission is being jammed by its employees' labor union into consideration of policies that would actually further reduce time spent in the office, literally two days every two weeks. A day constitutes four hours. Crazy.

My concerns with the Federal real estate portfolio remain and grow as more time passes and resources continue to be wasted to heat, cool, and maintain under-utilized buildings. The committee has done a lot of legislative work to support policies that will reduce emissions.

I would be interested to know the emissions associated with heating and cooling these buildings that are unoccupied. It is clear that Federal agencies have too much space, and significant changes need to be made to our Federal real estate portfolio to prevent unnecessary costs.

Approximately half of all active leases in the Public Building Service's leased inventory are expiring in the next

five years. This provides us a unique opportunity to course correct and right-size the portfolio. GSA will play a very important role in this modernization effort, and other agencies will play an equally important role.

In order for GSA to make appropriate investments in existing buildings and evaluate lease options, Federal agencies must identify their current and future space needs. Providing these agencies with better benchmarks regarding space and an understanding of what full utilization is would help with these efforts.

The process for disposing of or consolidating Federal buildings can be lengthy. Congress passed legislation to try to address this issue. Unfortunately, this legislation has yet to produce the intended results.

The committee is willing and really eager to work collaboratively with GSA and other Federal agencies to ensure that they have modern workspaces they need to carry out their missions, while generating significant savings for our taxpayers.

However, this needs to be a partnership, and greater communication between all parties is critical to achieving success in this matter. I appreciate the monthly calls that are occurring now between GSA staff and staff on the committees of jurisdiction. I feel this is a step in the right direction.

However, I do believe that GSA needs to be more forthright and responsive to this Committee. I understand there has been, at times, a lack of transparency from GSA on routine oversight questions.

Last Congress, and the Chairman mentioned this, the Inflation Reduction Act, which I did not support, provided GSA with $3.4 billion. As GSA requests more funding, it is important to understand how the agency is using these existing resources.

I was disappointed to hear that GSA did not provide my staff with an update on their efforts to develop low embodied carbon material standards when it was requested. Despite the known interest from this committee, GSA released their interim requirements several weeks later with very little advance notice to my staff, even though we had expressed interest in this.

GSA's lack of transparency and responsiveness underscores the ongoing need for improved communication. I understand that GSA has put forward legislative changes to the agency's authorities that may help modernize the Federal real estate portfolio as part of their Fiscal Year 2024 budget request.

If GSA would like this committee to give full consideration to their legislative proposals, including one that that provides them with more authority, they need to be more responsive to this committee.

I look forward to a productive discussion on how we can work together to modernize the Federal real estate portfolio. Thank you both for being here.

[The prepared statement of Senator Capito follows:]

Senator Carper. Senator Capito, thanks, not just for those words, but also thank you for your focus on these issues and trying to make sure we use some common sense and save some money.

To our witnesses, you don't see a lot of members sitting out here. We are looking at the end of the fiscal year in just a couple of days, and there is a threat of a government shutdown. A bunch of committees that are having hearings today are trying to make sure that we don't have a shutdown, but also trying to make sure that whatever we can get done, and should that actually happen, that we are ready for it.

I am being called to come and vote in one of my other committees, the Homeland Security Committee, that I used to chair. They need me there now to have a quorum, I think. I will be back shortly. Senator Capito is going to preside in the meantime.

Let me just say, today we are going to hear from the Honorable Nina Albert, Commissioner of Public Buildings Service at GSA. In her role as commissioner, Ms. Albert oversees the management of more than 363 million square feet of space and 8,397 building, almost 8,400 buildings, nationwide.

Commissioner Albert, we thank you for joining us today. Thanks for your service. How long did you serve the people of this Country?

Ms. Albert. Well, I was in the military.

Senator Carper. Yes, what did you do in the military?

Ms. Albert. I was a Signal Corps officer.

Senator Carper. In the?

Ms. Albert. In the one-for-one signal battalion in Germany.

Senator Carper. In Germany. Army?

Ms. Albert. I was Army, yes.

Senator Carper. Navy salutes Army.

Ms. Albert. Thank you. I am going to record that.

[Laughter.]

Senator Carper. There you go. Different uniform, same team, I like to say.

Ms. Albert. Exactly.

Senator Carper. We thank you for joining us. Thank you for all your service. You are recognized for five minutes, and then the baton will be passed to your sidekick there, okay?

Thank you, Senator Capito. Thank you very much. I will be right back.

STATEMENT OF NINA ALBERT, COMMISSIONER, PUBLIC BUILDINGS SERVICE, GENERAL SERVICES ADMINISTRATION

Ms. Albert. Thank you so much. Good morning, Chairman Carper, Ranking Member Capito, and distinguished members of the committee. My name is Nina Albert, and I am the Commissioner of the Public Buildings Service at the General Services Administration.

I appreciate the Committee's invitation to discuss this opportunity on how to achieve long-term cost savings by optimizing the Federal real estate footprint to best align building utilization with mission delivery. I am glad to be here today and share how GSA is helping Federal agencies address their space needs and how right sizing the Federal footprint can be accelerated if GSA gains full access to annual collections that are deposited into the Federal Buildings Fund.

Many agencies realize that they can adapt their workplaces to more effectively and cost-efficiently carry out their missions. Post-pandemic, agencies are gaining additional insights about the needs of their workforce, different and better approaches to achieving their mission, as well as approaches to the workplace.

GSA is leveraging its experience and expertise to help agencies deliver a better workplace experience for their employees, as well as right-size their space to best deliver

agency missions. Congressional support for GSA's Fiscal Year 2024 budget request, including legislative reforms and the agency's $2.3 billion request for capital program investments, is critical to help address these concerns.

Since 2011, the practice of diverting roughly $1 billion annually from the Federal Buildings Fund to other agencies has increased costs to GSA and inhibited sound portfolio management practices. Delays in funding necessary repairs exacerbate the deterioration of building conditions.

We have seen minor issues grow into more costly repairs and replacements. It is also delaying consolidation plans, forcing the government to carry space that is underutilized while we wait for funding to complete work, allowing for tenant relocations.

My written testimony goes into greater detail on this, but one example I want to share with you today is that since 2014, GSA estimates that as many as 120 consolidation opportunities representing hundreds of millions in annual savings have been missed due to lack of available funding.

All of these things increase cost to the Federal Government, especially when we are forced to make emergency repairs or delay space consolidations. In the most extreme cases, these delays have led to costly temporary relocations until the repairs were able to be completed.

In addition to our funding request for projects in Fiscal Year 2024, this year's budget request also includes a number of legislative proposals. The first is a proposal to facilitate GSA's full access to the annual revenues and collections that are deposited into the Federal Buildings Fund, while preserving Congress's role in choosing which projects to authorize and fund.

GSA is also proposing an increase to its prospectus threshold from the current $3.4 million to $10 million, which we conservatively estimate will yield more than $50 million in annual cost avoidance.

Finally, our budget request includes a third legislative proposal to facilitate our ability to assist other agencies in identifying and preparing real property for disposition. This will allow GSA to help agencies right-size their portfolios by providing the resources necessary to assess, prepare, and accelerate the disposition of underutilized properties.

These three proposals work to reduce timelines for project delivery, invest in federally owned properties, to improve building utilization and performance, and reduce timeline for disposition. The results will be a reduction on the reliance on privately-owned or leased space, ultimately helping GSA to deliver the best value in real estate to our partners across government and to taxpayers. The opportunity before us is to

transform the Federal real estate portfolio into a high-performing and more efficient portfolio than today's inventory.

I like to say that we want better buildings, but fewer buildings. With approximately half of our value in the lease portfolio expiring over the next five years, it is now the opportunity to have these conversations and provide solutions, but we can only maximize those opportunities if we are able to make the necessary investments in our own portfolio.

I would like to thank this committee again for its willingness to address these issues and for being a critical partner as we work to modernize and right-size Federal facilities. Thank you for the opportunity to testify before you today, and I look forward to answering any questions the committee may have.

[The prepared statement of Ms. Albert follows:]

Senator Capito. [Presiding.] Thank you, Commissioner.

Next, we will hear from David Marroni, the Acting Director for Physical Infrastructure team at the Government Accountability Office we refer to as the GAO. Mr. Marroni has spent nearly 20 years at the GAO, providing oversight on many issues, including Federal real property.

Mr. Marroni, you are recognized for five minutes.

STATEMENT OF DAVID MARRONI, ACTING DIRECTOR, PHYSICAL INFRASTRUCTURE, U.S. GOVERNMENT ACCOUNTABILITY OFFICE

Mr. Marroni. Thank you, Chairman Carper, Ranking Member Capito, and members of the committee. I am pleased to be here today to discuss the preliminary results of GAO's work on the utilization of Federal buildings and its implications for optimizing the Federal real property footprint.

In the aftermath of the COVID-19 pandemic, the Federal Government has a unique opportunity to reconsider how much office space it really needs to best achieve agency missions while saving taxpayer dollars. To get a sense of the magnitude of that opportunity, we assessed the extent to which 24 agencies utilized their headquarters buildings in January, February, and March of this year. What we found was that all 24 of those agencies had extra space, and that most agencies were using less than 25 percent of their headquarters capacity.

While these figures are estimates, they point to a potentially large amount of unneeded office space. We identified three main reasons for this low utilization. First, many agencies had more space than they needed even before the pandemic, one of the reasons Federal real property management has remained on GAO's High Risk List now for 20 years.

Second, many headquarters buildings aren't configured in the best way. For example, some include storage areas and

administrative spaces that simply aren't needed in the modern workplace.

Third, agencies have embraced hybrid work. Telework and remote work certainly existed before the pandemic, but those workplace flexibilities are used much more frequently now. As a result, there are simply fewer people coming into headquarters buildings than there were before the pandemic.

So, why does this matter? Because low building utilization has significant costs, both to the government and to the taxpayer. For one thing, there are the financial costs. It costs billions of dollars each year to operate, maintain, and lease these buildings.

In addition, holding on to unneeded office space has environmental costs. Office buildings take a significant amount of energy to run, whether people are at their desks or not.

Finally, holding onto unneeded space has opportunity costs. Every dollar an agency spends on extra space is a dollar they don't have to spend on other priorities. For local economies, unneeded Federal space could potentially be put to more productive uses.

To be clear, figuring out how much office space agencies really need and shedding any they don't won't be easy, quick, or cost-free. There are many challenges to doing so, including having the budget resources necessary to reconfigure space,

lingering uncertainty about agency and office policies, and a lack of good benchmarks for measuring building utilization in a high telework environment.

More generally, while there has been progress in better managing Federal property over time, significant issues remain, both in the process for disposing of unneeded space and with the data available to inform real property decisions.

That being said, it is important not to lose sight of the unique opportunity agencies now have to creatively and fundamentally reconsider their office space needs. Agencies need to ask themselves, are there ways to reduce our footprint and save money while still ending up with more modern space that helps us better accomplish our mission?

As the Federal Government's property manager, GSA plays a key role in supporting agencies as they plan and implement space solutions to best meet their needs. However, GSA cannot right-size Federal property on its own. Individual agencies are ultimately responsible for determining their own space needs and for moving forward with those decisions.

OMB, too, plays a critical role in setting policies to help guide and influence agency real property decision making. Taking full advantage of the current moment will require partnership and collaboration between these agencies.

In conclusion, underused Federal buildings have been and

continue to be a costly challenge, and hybrid work has made that challenge even greater. As agencies implement their in-office policies, they need to take a fundamental look at their office space needs and move forward to modernize their real estate portfolios accordingly. If they do so, the Federal Government will be well positioned to take advantage of the unique opportunity before it, optimize the Federal real property footprint, and save taxpayer money.

Mr. Chairman, that concludes my opening statement. I will be happy to answer any questions you may have.

[The prepared statement of Mr. Marroni follows:]

Senator Capito. Thank you. Thank you both.

I am going to yield to my good friend, Senator Ricketts, to be the first one to question.

Senator Ricketts. Great, thank you very much for your leadership on this issue, Ranking Member Capito, and I also appreciate Chairman Carper bringing this up as well. It is far past time that we reevaluate the Federal Government's workforce and infrastructure needs here, and certainly the testimony we have heard today says that it is long overdue.

This issue has been around for a while, but before we get into that, I actually want to talk about another issue that is of great importance to my home State, which deals with the Inspector General releasing a report last week, or a memo, alerting the GSA Public Building Service of the contamination of legionella bacteria in six GSA-controlled buildings across the Country. Low occupancy levels in these buildings and subsequent water stagnation led to the growth of bacteria, the primary cause of Legionnaire's disease.

One of these buildings is located in North Platte, Nebraska. It is a building that houses essential services, including the Social Security Administration, North Platte VA Clinic, the FBI, ICE, and several others.

Commissioner Albert, OIG notified your office of the need to test the water contamination before reopening the buildings

that experienced lower occupancy during the pandemic in the September of 2022. GSA's Public Building Service currently has no requirement for testing potable water systems in their own re-leased buildings, even after they sat vacant, and the water stood, standing through the pandemic. In the week since this alert memo has been made, what has the GSA done to protect human health in the affected buildings?

Ms. Albert. Thank you for this question. As soon as we learned about legionella bacteria in certain buildings, we immediately notified tenants. That is first and foremost just because human health is at risk.

We also contacted and are working very closely with the CDC and also ASHRAE, which assists with technical support, trying to identify what the appropriate response is and what we as buildings managers should be doing.

The two things that are most critical for managing and moving water through and making sure that water quality is good is one, flushing of the water systems. We are now systematically doing that throughout all of our buildings.

In the past, when buildings were occupied more readily, that water flushing activity would occur just more frequently, and it is, frankly, a result of the pandemic that stagnation has occurred. Now, we are flushing throughout our systems to make sure that that water is moving.

The other thing is, we are testing in all of our buildings, which is the primary way of identifying if there is any bacteria that is forming, and when there is, making sure that the chlorine levels and other types of corrective chemical treatment to water, to eliminate that bacteria, is dealt with. This is something that we are dealing with across our entire portfolio.

We also issued a notice and an alert to landlords of private leases where we lease space to make sure that they are also aware of what protocols we are putting into place. These protocols that we are moving forward with are among the first in the Nation. These are things that everybody is learning about for the first time, and so I think communication, testing, and then corrective action is what we have been able to achieve in a very short period of time in response.

Senator Ricketts. So, have you had any reports of any of the employees or visitors becoming sick in any of these facilities?

Ms. Albert. We are aware of one individual who was confirmed with legionella infection and is being treated.

Senator Ricketts. Was that in Nebraska, or is that someplace else?

Ms. Albert. It is not in Nebraska; it is elsewhere.

Senator Ricketts. Okay, thanks.

You talked about flushing the buildings. Is that the only

corrective action you are going to need to do, or are there going to be other things that you need to do with regard to the bacteria?

Ms. Albert. Testing and flushing. Both of those things are what help us identify. Well, the flushing is actually just moving things along, and that we can do just as part of common practice, but the testing is really the new element that we have introduced into this.

Senator Ricketts. You don't think you are going to have to do anything else as far as remediation, other than just get the water moving through?

Ms. Albert. When it is identified when the tests reveal that there might be a presence of legionella, we are closing down. Legionella is a bacteria that forms around a fixture or around a particular element. It doesn't necessarily spread to the whole building if you can isolate that fixture.

Where we identify, and many of our buildings are quite large, that there is a presence, we will try and control it by managing those particular areas where the bacteria is forming.

Senator Ricketts. Okay, great. Thank you very much.

Obviously, this is something that we are going to follow up with you with regard to the North Platte office, and just making sure we keep in touch with regard to what the cleanup is going to be and making sure we are looking out for the health and

safety of the folks that work there, as well as the visitors coming there. Ranking Member Capito, or Chairman Carper is back, very good, are we going to do a second round of questions?

Senator Carper. [Presiding.] I believe so, yes.

Senator Ricketts. Okay, great.

Senator Carper. Senator Capito, thank you very much for presiding. I am happy to be back. We did our work in the Homeland Security and Governmental Affairs Committee, and now we will conclude our work here today.

I have a couple of questions. My first question would be, I think, for both of you. I would like both of you to take a shot at this, if you would.

I am concerned with July's GAO report on space utilization of Federal agency headquarters buildings. It is troubling to me that, as I said earlier, GAO found, on average, Federal headquarters buildings had an occupancy rate of about 25 percent.

Mr. Marroni, Commissioner Albert, I often like to quote Albert Einstein, who once said that in adversity lies opportunity. As I mentioned in my statement, more than 50 percent of GSA's managed leases are set to expire by 2027, about 50 percent of GSA's managed leases are set to expire by 2027.

How should GSA capitalize on these expiring leases to address the low occupancy rates in Federal buildings, please?

Ms. Albert. I will take the first shot at that, and then I will turn it to my colleague here.

I believe that these expiring leases are a great opportunity. What we are learning already is that as an expiring lease is coming due, we start working with agencies very closely about two years in advance of a lease expiration, identifying what their future space needs are, where they could consolidate to save money, and start planning those moves in advance. The conversations are happening right now.

We are finding that, first of all, we are relying on a practice that we have put into place for the past five years in terms of having that early conversation with tenants that we have been in the past been able to save significant amount of lease cost as a result of proper planning.

In the last five years, we have saved over $6 billion in lease cost avoidance. That is a tremendous track record that we absolutely will build on going forward. You mentioned the underutilization of buildings in the Washington region, for example.

What we are finding now is the agencies are looking at their building capacity and identifying lease expirations in this region, and when appropriate, trying to pull those leases into Federally owned properties, again, when their building is in good enough condition to be able to accept it, whereas Mr.

Marroni mentioned earlier, if the configuration of the building is appropriate for whatever that use is.

I think that the lease expirations are absolutely the right trigger. We are seeing agencies make good decisions. They are reducing the ones that have occurred in the last three years. We are seeing reductions in lease requests by anywhere between 25 to 40 percent. The good work is being done, but it is a process, particularly when we are looking to backfill Federally owned property, because of the challenges that Mr. Marroni highlighted.

Senator Carper. Thank you.

Mr. Marroni, same question please.

Mr. Marroni. Very good. It certainly is an opportunity with that number of leases expiring and with the underutilization of properties that we have highlighted today.

I concur that agencies are making decisions on both their in-office attendance policies, which drives some of this, as well as what their space needs are. They need to act promptly, given the timeframes we are talking about here, and figure out how much space they really need in owned buildings and in lease facilities and to the extent it makes sense to move from lease facilities into owned space. That is a good path forward.

Again, given that timeframe, it is an opportunity. It is a short-term opportunity, so it is important to take the actions

that Ms. Albert described.

Senator Carper. Are there any additional ways to address space utilization withing GSA's existing authorities?

Ms. Albert. Right now, our authorities allow us to evaluate, work with agencies, and try and drive utilization through the authorities that we have. The challenges that we really have are access to the Federal Buildings Fund. I just want to spend one minute on why this is so important.

Senator Carper. I am not surprised. This is a pitch well-telegraphed. Go ahead.

Ms. Albert. For example, the Federal Buildings Fund is the fund into which it was designed to be a quasi-revolving fund. We collect revenue from agencies for rent. That money gets reinvested in buildings to maintain them. The fund is also where all of the sales proceeds from dispositions are deposited and any other collections we have. That money, if it could be designed or maintained as a quasi-revolving fund, gets put back into supporting agency moves, consolidations, capital improvements, so that folks can fully occupy buildings.

We have had, as I mentioned in my oral testimony, every year, about a billion dollar shortfall in getting access to the Federal Buildings Fund. We have seen that in the last 12 years since that has been the case, our liabilities within our own portfolio growing significantly to currently being more than $11

billion.

What does that practically mean for an agency that is in a leased space that wants to move into a Federal building? Now, the Federal building condition is not as good as what they could buy on the lease market, and it is because we haven't been able to maintain our buildings the way that we should.

There is an inherent inefficiency in not getting full access to the revenues that we collect that are designed to be put back into buildings. That is one of the authorities that we are seeking. The other thing is, during this time, an opportunity --

Senator Carper. Just hold it right there, if you would. Are there other examples in the Federal Government, like Harbor Maintenance Fund, that could be something, maybe it might serve as an example? Just take a minute on that.

Ms. Albert. Sure. The Harbor Maintenance Trust Fund is something that was designed almost very similarly and comparably to the Federal Buildings Fund. Those were funds that the U.S. Army Corps of Engineers was collecting from the private sector, putting it into a fund, and it was designed to repair, maintain ports or other waterways.

Again, they hadn't had full access to that, so they are collecting the fees. It is going into a pot, but it is not being used for its designed purpose. As a result, I know that

the Congress and the Army Corps of Engineers worked together for almost two decades to get the Harbor Maintenance Trust Fund authorities and access restored.

Senator Carper. Only two decades?

Ms. Albert. I am hoping that, now that Congress has understood the value of the Harbor Maintenance Trust Fund, you will understand the value of getting full access to the Federal Buildings Fund.

Senator Carper. Yes. Well, my colleagues also hear me say, and this is a quote from Einstein that they all say, find out what works and do more of that. This is maybe one that we can take a close look at. Go ahead.

Ms. Albert. There is one other thing that we have requested, and I think it is a really important point. It is not sexy, but it is important for efficiency. We have requested an increase to our prospectus threshold.

Right now, GSA's prospectus threshold is $3.6 million. That means that any investment in a building that exceeds $3.6 million, whether it is an elevator repair, a roof repair, a boiler replacement, a chiller replacement, which, by the way, on a building of this scale and size, tends to be over $3.6 million, has to come to Congress.

That, internally, from GSA's perspective, as well as through the Congressional process, takes up to two years to get

approval. That means that that repair that was identified more than two years ago has escalated in cost and has contributed to greater deteriorating conditions.

We are requesting that our prospectus threshold get increased to $10 million. We think that that is appropriate when we look at other agencies that have similar authorities.

For example, the VA, their prospectus threshold is $20 million. The DOD doesn't have a prospectus threshold and are permitted to invest in like-kind replacement, so a boiler for a boiler, without any prospectus threshold. Those are the two pieces of legislation that I think have an immediate impact on ability to consolidate.

Senator Carper. I am going to ask you to hold it right there. I am way over my time. We will come back and pick up on this when it is my turn again.

Senator Capito, thanks for your patience.

Senator Capito. Thank you.

Commissioner Albert, in June, the GSA announced its plan to spend a billion dollars, that is from the IRA, to make more than 100 buildings cleaner and more energy efficient. Did the GSA look at the space utilization rates for each of those buildings to determine whether this is the best use of our dollars?

Ms. Albert. Absolutely. For the past year, what we have been doing is looking through our entire inventory, identifying

what we call segmenting the inventory into core assets. These are assets that the Federal Government should reinvest in because it serves a special need for the Federal Government.

We have also identified candidates for disposition. And then there is kind of the bulk, if you will, of the assets that we are transitioning through.

Those 100 buildings that were proposed and that we are moving forward with improving through the Inflation Reduction Act funds are core assets. These are assets that the Federal Government should continue to own over the long term, and that we would be best served by investing those funds into.

Senator Capito. So those are probably assets that I would say probably don't need the Federal Building Trust Fund money, because they are probably in good shape anyway.

Ms. Albert. I would not conclude that. The Inflation Reduction Act money is for very specific uses. The Federal Buildings Fund has much more flexibility in being able to pay for moves for agencies, and for other improvements.

Senator Capito. Right. So just so I understand, so the 100 buildings, we will do the emissions, sustainable technologies, but the buildings may not be in good shape, for room and space utilization?

Ms. Albert. Correct. It may not be properly configured.

Senator Capito. Why are we doing that? Why would we pick

another building that has the great configuration and that you are matching up both missions, so that you then have, you don't have to worry about whether you have to maintain them or the bathrooms work or whatever? You see what I am saying?

Ms. Albert. In terms of configuration, it is very common even in the private sector that you are constantly reconfiguring space inside a building. I don't consider that building condition. The building condition to me is the core and shell, is the plumbing working, is the heating working, is the roof in good shape.

So for example, the IRA dollars, particularly the $1 billion for emerging and sustainable technologies, is not replacement of a roof. That would be used for replacement of the heating and cooling systems, to make them all electric, for example. That is the purpose of the IRA dollars.

In a Federal building, we may need both of those things to be true, to replace the roof and make that building envelope sound, as well as modernizing the heating and cooling.

Senator Capito. Quick question on the Federal buildings. You say a billion dollars is being taken from it every year. How much is in that every year, yearly?

Ms. Albert. It varies from between $10 billion to $11 billion a year.

Senator Capito. So a 10 percent cut is taken.

Ms. Albert. Correct.

Senator Capito. And they got another $10 billion to make these buildings right.

Ms. Albert. And $5.6 billion of that is for payment of leases.

Senator Capito. Okay. So you are saying that the standard utilization, you are looking at the standard utilization before you make these investments in these buildings.

Mr. Marroni, without a standard utilization benchmark, do you have concerns that investment decisions are being made with incomplete information? What I am understanding is, these agencies don't have standardized utilization benchmarks. Are they all over the place? Do some have them, some do not? What did you find?

Mr. Marroni. In terms of the utilization measures, there is a range of benchmarks right now that are used, 180 square feet, 210, 150, it varies by agency. There isn't a specific utilization benchmark, which is an important area of focus, I think, going forward, is to come up with not necessarily a one-size-fits-all benchmark for every type of space, but some more consistent benchmarks, more consistent targets for how we measure space and how we determine what is fully utilized.

Senator Capito. Right, and then you have the situation where people are coming in two days every two weeks for four

hours a day. Shouldn't that be shared space? Then that cuts the space utilization, right?

Mr. Marroni. Correct.

Senator Capito. Are agencies doing that?

Mr. Marroni. Some are. It depends.

Senator Capito. How do we get them all to do that?

Mr. Marroni. Agencies are making the decision with their in-office attendance polices of how they are going to implement.

Senator Capito. Is that done at each agency? I don't mean to interrupt you here, but I am interested in this. Is that done at the agency? Or does the GSA say, you have to have a space utilization that looks at what your tele-commuting policies, which I personally don't like, what we are seeing here, but that doesn't matter what I like, I guess. Who makes that decision?

Mr. Marroni. The agencies are deciding on their in-office attendance.

Senator Capito. Right. They decide the attendance. So everybody has a different benchmark, then. Wouldn't it be good to have sort of a uniform benchmark, to be able to make better fiscal decisions?

Mr. Marroni. It would be good to have more consistent benchmarks government-wide. Not necessarily one-size-fits-all, overly prescriptive.

Senator Capito. Right, because we have some people who don't work in the office.

Mr. Marroni. Right, different types, but it would be good to have better benchmarks than we have, that account for higher levels of telework.

Senator Capito. Right. Do you know approximately how many properties are currently unoccupied in the Public Building Service? I guess this would be to you, Commissioner Albert. How many properties in the Public Building Service's inventory are currently unoccupied?

Ms. Albert. We hardly have any buildings unoccupied. We have buildings that are under-utilized. But buildings that are unoccupied usually move to the disposition list, or we will eliminate --

Senator Capito. But doesn't the GAO report say that you are really not moving quick enough, the consistent reports over the last 20 years, is you are really not dispensing of this property as quickly and the authorities that we were giving you here in Congress are not really working? I said that in my opening statement. Is that a true statement?

Ms. Albert. First of all, the relationship in how all of this comes together is that the agency expresses what their demand or needs for space are. We supply that space. We have the expertise to inform them how to identify how much space they

need, just to answer your earlier question.

OMB in the past has issued Freeze the Footprint and Reduce the Footprint. That has driven, over the past 10 years, 45 million square feet of space reduction. So there has been space reduction as a result of policy guidance.

Now is a good time for continued policy guidance. At this moment, what is occurring is utilization in the GAO report has highlighted and indicated that there is underutilized space, particularly in the headquarters buildings. That is different out in the regions or field offices. You see different activity in buildings.

Where you see the greatest opportunity to contract is in general office space. For example, the VA and community-based outpatient centers, we are expanding that program. So operational facilities may be expanding, but it is in general office space where telework is most frequently adopted, where you are seeing the greatest opportunity to consolidate.

In order to be able to consolidate and drive the cost savings that we ultimately want to get to, it takes money to facilitate those moves.

Senator Capito. Right. You have $10 billion a year.

Ms. Albert. Ten billion dollars a year, all of which is obligated; $5.6 billion goes to paying rent contracts, about $3 billion goes to operating and maintenance. Where we are seeing

the greatest cuts in our budget is in repair and alteration, about 50 percent of our repair and alteration request every year is cut in half.

Senator Capito. Mr. Marroni, did your report get into any of this in terms of the Building Trust Fund, and that is the reason we can't sell buildings and can't consolidate?

Mr. Marroni. We didn't get into the Building Trust Fund. We do identify, agency officials identify one challenges as having the funding needed to reconfigure space. It does take money to reconfigure, to consolidate. Sometimes you have to invest money to save money.

But we didn't get into detail about the Federal Building Fund itself. I think that is a balance between Congress' funding decisions and agency needs.

Senator Capito. Thank you.

Senator Carper. Senator Cardin?

Senator Cardin. Let me thank both of you for your service.

I am going to follow up on Senator Capito's point, maybe from a little bit different angle. Let me just refresh everyone's recollection that in the Inflation Reduction Act, Congress was very specific in providing resources, $2 billion for low-carbon materials, $250 million for building retrofits, and $975 million for emerging sustainable technologies.

It was a focus on sustainability. And our responsibilities

as the owners and occupiers of the Federal facilities to add to the sustainability efforts that we made as a Nation and part of our international responsibilities.

I want to get a better understanding of how you are dealing with the question that Senator Capito asked. How are you dealing with sustainability versus our square footage needs, so that we can have adequate space, but also comply with the clear direction by Congress?

Ms. Albert. What is pretty elegant about this entire thing is that we can serve both needs. Investment in building and making them more usable makes them more attractive, so that we can consolidate out of leases and into owned facilities.

First of all, I want to share a little bit of the status of where we are in terms of placing funds from the Inflation Reduction Act. Two billion dollars of it was for low embodied carbon materials, which is in flat glass, concrete, asphalt and steel.

We have launched a pilot for 11 buildings. Investment in those 11 buildings represents $1 billion out of those $2 billion. That is really to socialize and get feedback from industry, the pilot is, to identify what specifications are acceptable and available for implementation. That is ongoing and should be wrapping up here before the end of the calendar year.

That will be setting the stage and the standard for the building industry, which is what GSA has done in the past when we adopted LEED 20 years ago. It has set the standard for what sustainable buildings can and should be.

As to the emerging and sustainable technologies funding, we have identified, as Senator Carper had mentioned in his opening remarks, $288 million to go into the DHS headquarters at St. Elizabeths. That is to make DHS campus a model for sustainability.

It also tells the consolidation story. That investment and ability to deliver on three more buildings at St. Elizabeths will further consolidate multiple leases around the national capital region.

Senator Cardin. Let me interrupt you on that. The largest single project is the replacement complex for the FBI. I am not going to get into the battles on the specific locations, I am not even going to ask you about that. But it does give us a chance to really make a statement on sustainability.

Are we on track in the process to determine how we are moving forward and make a decision?

Ms. Albert. We are on track. We share your urgency, and we are aligned in making the decision as quickly as possible.

Senator Cardin. I have heard that for about a decade.

[Laughter.]

Senator Cardin. I hope that you will keep us engaged throughout that process. There is a lot of competition, but there is no disagreement on the need to move forward in regard to making that a model in regard to sustainability with the tools that are available. We look forward to that.

Let me talk about one existing structure that you should knock down and rebuild for many different reasons. That is the courthouse in Baltimore. It has the honor of being, let me get my numbers, built in 1970. It was noted as the least expensive courthouse per square foot. We got what we paid for.

It is not only inadequate, we keep on pouring millions and millions of dollars into it for repairs and patchwork, but it is an example of a building that gives us the opportunity to meet the needs of the Federal bench, Federal courthouse in Baltimore, and at the same time balance that with sustainability.

Are you trying to identify projects like that, that are win-win projects, to get the needs met but also give us a chance to replace a carbon terrible building with one that would be best for sustainability?

Ms. Albert. Absolutely. I had mentioned that we have identified and segmented our portfolio into core assets, transitioning assets, and disposal candidates. Those core assets are those ones that we are seeking to make at the highest level of sustainability as well as other types of performance,

including utilization. That is why the IRA dollars that we have been using, as well as directing most of our Federal Buildings Fund requests, capital improvements, to be in those core assets, which will again, not only drive the highest level of sustainability in those buildings, lead the market by doing so, demonstrating that it can be done, as well as maximizing utilization of that building.

Senator Cardin. Thank you. I would just really point out, as we have said many times, this is a once in a generation opportunity to make significant progress in our Federal buildings to deal with our responsibilities for sustainability. I hope that you will be aggressive, keep us engaged, and look at these buildings that need to be replaced or the new ones coming along, and show the Nation and show the world that we are taking the leadership on this issue.

Thank you, Mr. Chairman.

Senator Carper. Senator Cardin, thank you for your long-time interest in these issues. As we go forward from here and to the Floor and take some action, we hope and expect you will be fully engaged. We welcome that.

We have been joined by Senator Markey and Senator Merkley. Senator Markey, I think you are first, and Senator Merkley, you are right behind him.

Senator Markey. Thank you, Mr. Chairman, very much.

The Massachusetts emergency shelter system has 6,500 families right now and 22,000 individuals in a shelter system that is at capacity. The need for shelter will only increase during the winter.

The Federal Government is the single largest owner of real estate in the Nation. But much of the capacity goes unused. It is a no-brainer that we ought to be converting surplus Federal assets into properties that may be used to provide emergency shelters, permanent housing, and services to the homeless.

Through partnership with the Department of Housing and Urban Development, GSA has already made thousands of properties available for housing, but more could be done. Commissioner Albert, are you working to increase the number of suitable properties transferred from GSA to nonprofits and local governments experiencing severe shortages in housing and shelter space?

Ms. Albert. Thank you for that question, and we absolutely are. The circumstances in most of our buildings that are under-utilized that could be made available for disposal or disposition for others to use is that they are not fully empty. So that is why we have requested full access to the Federal Buildings Fund. It is why we are asking for expanded authority for use of our disposal fund, so that that last remaining agency that might have a foothold in an underutilized building can

confidently say, I am moving out, because I know where I am going, and has the funds to do that.

We have had a great track record of success in putting property on the market, either doing a government-to-government transfer, offering property for redevelopment with not-for-profits. And I specifically want to point to a recent success story in that, which is in Alameda, California, where we disposed of a piece of property and it was converted to 400 units of homeless supported housing.

So there are many examples of that. But the key to moving forward on any of that is being able to take that last small footprint of Federal use that is in a building and incentivize it or provide it with the resources to move out so that we can recycle those buildings for better use.

Senator Markey. So the GSA is willing, then, to transfer GSA lease building in whole or in part to nonprofits and local governments to be used for affordable housing?

Ms. Albert. Did you say leased buildings, sir?

Senator Markey. That is right.

Ms. Albert. That will be more complicated. Because there is a landlord, a private landlord that would need to agree to that. We don't control the building.

Senator Markey. Would you be willing to participate in a pilot project to accomplish that goal in leased buildings for

the transference?

Ms. Albert. I would certainly be happy to talk to you about how we could effectuate something like that.

Senator Markey. I would like to work with you on that, to have a pilot project, so that we might be able to accomplish that goal. Thank you.

I am deeply alarmed that GSA is failing to address urgent safety issues and ongoing infrastructure deficiencies at the John F. Kennedy Federal Building in Boston. Senator Warren and I both have staff who work out of that building every day, 24 stories high. It is a complete Federal building, more than 2,000 people work in the JFK building, including GSA staff. Thousands of others come to the building for necessary appointments, for citizenship appointments, taxpayer assistance, veterans benefits, all those agencies are in the building.

There are several people who have already had issues, difficulty in ensuring that their voices can be heard, because the elevators routinely malfunction. They are dropping, they are trapping people for hours, delivering occupants to the wrong floor, idling useless after a floor button is pressed.

In one recent instance, it required hours-long intervention of the Boston Fire Department to extricate trapped individuals in a malfunctioning elevator, with the incident appearing on Boston local television stations, because of the seriousness of

the issue.

Conditions are unacceptably dangerous and inaccessible. Elevators, asbestos, and at 5:55 every day, all the lights go off, and the air conditioning and heating, for the entire building. Individual offices cannot continue to work. Everyone has to get out.

So it doesn't seem like the elevators are going to be fully fixed until 2025. That can't be the speed at which our government works.

Commissioner Albert, do you think it is acceptable for your GSA colleagues, my staff, and thousands of other staff and visitors to be subjected to such ongoing building safety issues, not just for months but now for multiple years?

Ms. Albert. I absolutely do not think it is acceptable. Life safety investments are our top priority and largest concern now. The reasons that buildings like the JFK building in Boston are in the condition they are in is specifically tied to the limitations in access to the Federal Buildings Fund.

I don't want to exaggerate that. That is an actual example of how our lack of access to the Federal Buildings Fund to maintain life safety equipment and systems has not been able to be met.

The need at JFK in particular, we requested in Fiscal Year 2022 $150 million to make improvements to all of JFK. So we

identified more than four years ago the needs to reinvest and improve JFK. We unfortunately didn't get the money in Fiscal Year 2022, and now we have been able to invest one by one, we have spent $9 million on those elevator systems. But because of the prospectus threshold, we are having to invest in each elevator system one by one, because it would take two years if we were to make an investment that exceeds the prospectus threshold.

So in order to address the elevator concerns, we have been moving forward as quickly as we can. But we are having to go one by one, rather than address the total needs of the building.

Senator Markey. Clearly, this isn't working. So we have to figure this out. We shouldn't have empty building stock and crumbling buildings that people go to work in every single day. If this is a matter of figuring out our funding priorities or raising money by leasing government buildings, let's figure this out. Just like the JFK elevators, the status quo isn't working at GSA, the elevator or the system.

We have to be fair to these people who work, these 2,000 people who are in there every single day, in order to get a solution. I really would request a focus on this issue at GSA to resolve these issues for that building.

Ms. Albert. If I may say, I will absolutely follow up with you on this. What I seek is a partnership, because it is a

combination of actions between GSA as well as Congress in order to be able to correct this longstanding issue.

Senator Markey. Let's create the partnership. Let's get it done. But it is years now, and it is getting oppressive for people who work there. Many people now walk down 9, 12, 15 stories every single day because they don't want to get on the elevators. That is just unfair to people and some people just ultimately wind up saying, I am not going to work, not because they don't want to go to work, because they just don't want the 15, 18, 20 story walk every single day. It is unfair to them.

Thank you.

Senator Carper. I would say to our witnesses, this committee has a pretty good reputation for partnerships. Maybe this is another way we can demonstrate that.

Senator Merkley, thanks for your patience. You are recognized. Welcome.

Senator Merkley. Thank you very much, Mr. Chairman, and thank you, Commissioner.

Commissioner, since 2015 mass timber has seen unprecedented growth in the United States from just a handful of buildings eight years ago to almost 2,000 today. American-made mass timber offers a way to dramatically lower carbon emissions associated with concrete and steel buildings, and it does so while enjoying some other significant benefits, seismic

benefits, structural durability, increased resilience to fire, decreased construction time.

The Fiscal Year 2023 appropriations bill included directions for GSA to work with partners to expand the utilization of mass timber and innovative wood products in Federal buildings. How are you implementing that?

Ms. Albert. Our team of engineers, particularly those that are experts in this, have been working with industry and researching what the opportunities for mass timber are for integration into Federal buildings. I would love to follow up with you to provide more current and detailed status.

But I will say that in general, where we are right now in terms of managing the portfolio and the opportunities before us are really around retrofitting and improving existing owned buildings as opposed to new construction, which is where we could integrate mass timber more readily.

But we will get back to you and the committee with more details on what we have found and the opportunities we have for integrating mass timber.

Senator Merkley. Do you have a single mass timber building at this point?

Ms. Albert. I am not aware of one, but we also haven't undertaken too many new construction projects.

Senator Merkley. Are you familiar with what mass timber

is?

Ms. Albert. I am, yes.

Senator Merkley. Great. Well, just for others, it is the compilation of products that include mass plywood, where the plywood can become not an inch think, but very, very thick, creating key structural elements or other key laminated products, including massive floors. It sequesters a massive amount of carbon. You can assemble these, like an erector set, very, very quickly, which saves a massive amount on construction loans. Unlike concrete and steel, that take a tremendous amount of energy to create, these don't take a lot of energy to create.

So, huge advantages. I really encourage you to come back next year and say, we do have some mass timber buildings that we have acquired for us or are building. I am hoping for quicker, more significant action within the coming year.

Commissioner, plastic pollution is one of the greatest environmental threats of our time, driven largely by the use and disposal of single use plastics. GSA has the ability to make a difference by addressing single use plastics across the Federal Government, purchasing contracts related to construction, to concessions, to facility maintenance contracts as well.

As the GSA is modernizing its facilities in accordance with President Biden's executive orders on climate and clean energy, does the Administration have explicit plans to minimize the

procurement and use of plastic products, including single use and packaging plastics?

Ms. Albert. I am not familiar off the top of my head of that. So I will absolutely look into that and follow up and provide you with an answer.

Senator Merkley. Great, thank you.

We are seeing that the plastic which is made with fossil gas is a huge contributor to climate chaos, which we are suffering everywhere. Also, that the plastic on the other end ends up in our waterways, resulting in the pollution of our streams and our oceans. We are now finding microplastics throughout human bodies, including the human heart and human breast milk, et cetera. Plastic contains endocrine disruptors which affect reproductive health.

So it is a factor in many, many ways. The GSA could be a leader in taking this on. Can we count on you to thoroughly explore this question and pursue it, not just for our environment, but also for human health?

Ms. Albert. I will absolutely follow up with you on this.

Senator Merkley. Thank you. Thank you, Mr. Chairman.

Senator Carper. Thank you.

Senator Ricketts?

Senator Ricketts. Thank you, Mr. Chairman.

The Federal property management has been on the High Risk

List for GAO for 20 years. So this is an ongoing issue, not just an issue created by the pandemic, and certainly, remote work is one of the contributors to the lack of utilization of office space. I agree with you, Ranking Member Capito, remote work should be a tool, not an expectation of people. It needs to be properly managed, just like everything else, with regard to our space.

When I was governor of Nebraska, we actually put together a strategy for our real estate. We worked with our State building division to come up with that. What we focused on was consolidating our like service agencies together to create a one-stop shop for people, but also to create synergies in their work output. For example, we put the Department of Economic Development, the Department of Agriculture, Department of Environment and Energy, other boards and commissions all together in one spot so we could promote the interests of the State of Nebraska. We developed Fallbrook office space, and by doing that, we were able to consolidate, put those agencies over there and consolidate our Department of Health and Human Services into one building in our downtown location to be able to provide better services there.

Overall, that actually reduced our footprint by 60,000 square feet, saving Nebraska taxpayers $700,000 a year. Now we are hearing, of course, from your report that 75 percent of the

office space in 17 agencies here in Washington, D.C. are unused office space.

Mr. Marroni, it sounds like your recommendations would be in line with what we did here at the State of Nebraska, is that a fair statement, to try to bring like service agencies together?

Mr. Marroni. I certainly think that would be one option for agencies to consider is consolidation, sharing space, those should all be on the table.

Senator Ricketts. When we talk about $7 billion, is that roughly right, what we are spending every year on this office space?

Mr. Marroni. Government-wide.

Senator Ricketts. What do you think the cost savings would be if we could address the issues with regard to the unutilized office space and some of the other things we just talked about?

Mr. Marroni. I don't have a specific number, but it certainly could be substantial. We spend a lot of money operating, maintaining and leasing facilities in this Country. You could save a lot if you get rid of extra space.

Senator Ricketts. So when you say a lot, is that like 10 percent, or do you think 50 percent? What do you think?

Mr. Marroni. It is hard to give an estimate. But substantial, depending on agency decisions.

Senator Ricketts. Okay. Commissioner, you talked a little bit about your role in this. It sounds like from what you said it is really the agencies that have to drive these plans. Is that fair, that the agencies have to come up and say, this is my utilization, or the space I need, and the agencies have to drive this? You don't have the ability to tell agencies, hey, you have too much space, get out?

Ms. Albert. We don't have the ability to tell them what to do. But it is a partnership and it is often done in collaboration. Not all agencies are created equal. There are very large agencies that have big real estate staff within the agency and they are creating their own plans. There are other agencies that rely on GSA's expertise.

So it is a mix.

Senator Ricketts. So you help facilitate it, but it really has to be the leadership of the agency to drive this, is that what I am understanding, is that fair?

Ms. Albert. It is. But if I can just share a couple of things that GSA has been doing, particularly since the pandemic, so that kind of what the solutions are going forward are more in the forefront of people's minds, because there has been a lot of evolution about how people are using space.

We created a workplace innovation lab, we have had more than 120 different tours by a variety of different agencies,

even agencies that we don't manage space for, for example, the DOD, coming to see what the new workplace models are. We are launching Federal co-working spaces in six locations across the Country so that agencies can see what a more flexible workplace looks like, or that they can work out of our Federal co-working spaces, rather than relying on leases. So we are looking at new models and partnering with agencies so they can see what the future could entail.

It is also a fantastic change management and employee engagement tool. Because we have made the capital investment in those types of spaces, agencies can bring teams to work through them and see how they want to work in the future, and try and accelerate that learning, get over that communication hump as to what these benefits of consolidation or working in different work modes look like.

Senator Ricketts. It seems to me, Mr. Chairman and Ranking Member, that what we ought to be doing is bringing in the heads of these agencies, especially the biggest offenders, and have them explain why they haven't put together a real estate plan to consolidate, if they are at 25 percent utilization, and really put the onus on them to come back with a plan and drive this. This has been a problem for 20 years. It is not happening. And if the agencies that have to put together a plan, which makes sense, as governor, it was my leadership that drove our plan, it

wasn't happening before, we need to have these agency heads start working on this plan. That is who we should get in here and ask them why they are not doing what they are supposed to be doing with regard to right sizing an organization and coming up with the plans they need to do address remote work or whatever is going on.

Thank you very much. I appreciate it.

Senator Carper. Senator Capito is going next. Let me just say, Senator Ricketts and I are members of a small, elite group of Senators that are recovering governors. We begin a lot of our sentences with, "When I was governor of Delaware," or whatever. My colleagues get tired of it.

[Laughter.]

Senator Carper. But I think we are onto something here. Earlier I said, find out what works, do more of that. Let's see what we can learn from what you have done in your State and work together.

I said to Senator Capito as an aside, Tom Coburn and I worked on these issues for years, our staff worked on these issues for years. We made some progress, but there is more still to be done. We look forward to addressing it with your full involvement. Thank you.

Senator Capito?

Senator Capito. Thank you. This sort of goes off what

Senator Ricketts was just saying.

Mr. Marroni, your study focused on headquarters buildings. What do we know about the utilization of other Federal office buildings that are not headquarters?

Mr. Marroni. We don't know a lot. The quality of the data, even at the headquarters level, was variable. Out in the field, there is much less data to assess how these buildings are being utilized.

I think it is a reasonable assumption that buildings in the field that are of similar nature to headquarters buildings, office spaces that are not doing customer facing roles, policy, budget, administrative, probably have similar levels of utilization. But we do not have the data to define that work.

Senator Capito. Do you get any kind of sense since your testimony in July that any agencies have made any progress in terms of trying to right-size? Have you heard anything back from that?

Mr. Marroni. Certainly, some agencies are coming out with their in-office attendance policies, which is a crucial step to understand how many folks are going to be coming in. You need the data from that to then figure out how much space we really need.

So there has been some progress on that front. I know agencies have submitted information to OMB as well on some of

their plans. So there is some forward movement here. But it is variable.

Senator Capito. We will see.

I want to ask about St. Elizabeths, since the Chairman went out and visited yesterday, and you talked about it. Commissioner, I was the ranking member on Homeland Security Appropriations. This was a big issue, trying to consolidate everything to St. Elizabeths. What is the space utilization of that facility right now?

Ms. Albert. I don't know what the actual utilization is. I will say a couple of different things. Since the pandemic, particularly for a couple of their major buildings at St. Elizabeths, DHS has rearranged some of the buildings to integrate, because of lower utilization than when it was originally planned, to integrate another 2,000 people onto the campus, further consolidating. They are continuing to drive utilization.

Senator Capito. They are going to drop their leases around town here to consolidate?

Ms. Albert. Correct.

Senator Capito. I understood at the time that we talked about this that were certain agencies and others under the Homeland Security umbrella that didn't want to relocate. So they are forcing them to locate there.

Ms. Albert. They are forcing them to relocate, or frankly, agencies, now that the campus has come along so far, it is a beautiful campus. Wonderful facilities. So folks are also seeing what the advantages are of co-locating. So just the passage of time and people getting used to the notion that that is where the center of the DHS headquarters is, and wanting to be close and proximate to their other colleagues.

Senator Capito. Mr. Marroni, was Homeland Security one of your agencies?

Mr. Marroni. It was.

Senator Capito. Do you have it there?

Mr. Marroni. Yes. They were in the highest quartile; they were at about 30 percent utilization.

Senator Capito. Was that at St. Elizabeths then?

Mr. Marroni. That would be the headquarters which, three buildings, does include St. Elizabeths.

Senator Capito. How many buildings are there? There are tons of buildings at St. Elizabeths.

Mr. Marroni. It included the campus and two other buildings off of it.

Senator Capito. I think for people who are listening, too, to realize that, and I think you confirmed the figures here, $2 billion is the cost to the taxpayer every year to operate the buildings, is that correct? And $5 billion to lease? Are those

accurate figures?

Ms. Albert. It is $5.6 billion to lease, then it would be another, to properly operate the portfolio, would be another $4 billion to $5 billion needed. We don't get that every year.

Senator Capito. What are we spending? That is what I am asking. I understand we don't have enough; your point was pretty clear. What are we spending, $2 billion? Do you know, Mr. Marroni?

Mr. Marroni. Our number is over $2 billion, yes.

Senator Capito. Okay. So I am going to go back to my original question with the commissioner on the IRA. Senator Cardin talked about it. I think we were kind of getting around to the same point from a different direction.

Are those 100 buildings going to change? Those are the ones I would think that if you are making them fully sustainable, they are going to last forever, they are going to have all the energy provisions that are provided for with the IRA, I would imagine that when you come back in a year to three years, that the space utilization there would be 80, 90, 100 percent. I know nothing is occupied 100 percent, but in that range.

Is that what you are anticipating? Or will you drop buildings out if you see that those are not the ones that warrant all this huge investment of dollars and they are just

going to sit there?

Ms. Albert. So, of the 100 buildings, we are very confident that those are buildings that the Federal Government will occupy.

Senator Capito. They are occupying all these other buildings at 25 percent.

Ms. Albert. Our job as GSA is to drive utilization of the building. That is what we aspire to do, just like any private landlord. We want that building used as fully as possible, because it saves money, it also keeps, there is a whole variety of benefits to fully occupying Federal space.

Senator Capito. Right. But obviously, if that is your goal, and we are looking at buildings here in the D.C. area that are 25 percent and less, we are not hitting the goal there. So by making these buildings, the premium buildings, I would imagine that is what they are, the five-star government buildings, we will put it like that, where people understand what that means when you are looking at it for a hotel, that this would not just drive utilization, but, there has to be some coordination between these agencies to say, you have to get into these buildings.

Ms. Albert. I will give a real example. In Chicago, we have a more than a million square foot building, a core asset. We are reinvesting in that building and we have, since the

pandemic, HHS in Chicago, has identified that they want to move out of leases and consolidate into a federally owned building. So our work is to what we call restack a building, make space for HHS to come in.

There are a couple of other agencies we have also been doing that with. It is done in a coordinated manner. Because as you are moving people around, everybody has to know what is going on in the building.

That is a very different situation than, for example, the headquarters in Washington, D.C., where it is a single tenant.

So out in the regions, we have buildings that are occupied by as many as 27 different agencies. We are actively managing and moving folks around because their space needs might be 20,000 square feet up to 100,000 square feet, very variable. It is like a puzzle piece that we are constantly moving around to make it as efficient as possible.

That is only possible when the building is operable and in good shape, doesn't have elevator issues, is properly cooled and heated.

Senator Capito. Yes, and I don't know why we can't do that in D.C. Why does everybody have to have their own building if it is only 25 percent occupied?

Ms. Albert. In D.C., what people are doing right now, because I consider utilization or occupancy and indicator. It

is not actually the answer. It is an indicator of whether or not the building is fully utilized. Now people are seeing what the numbers are, in part because of the GAO report, but we were aware of it prior to that. Excited about the cost-saving opportunity, the hard work is being done now. Looking at the leases across the portfolio, and whether they can be consolidated into a single building, we are seeing different agencies taking those actions.

Senator Capito. In D.C.?

Ms. Albert. In D.C. GSA is actually the perfect example. We ourselves occupy an entire building, 1800 F Street.

Senator Capito. We moved in there when we had, right after 9/11, in the buildings, we moved into your space.

Ms. Albert. Yes. And it is pretty good space in half the building. The other half of the building, we can't market because it hasn't been renovated in more than 20 years. So part of our lack of occupancy in 1800 F is that half of the building is not occupiable because it is not in good enough working condition.

The other part of the building, however, we have been able to consolidate six of GSA's own leases within the national capital region into 1800 F. That was back in 2012. But it is an iterative process. We have reduced now two buildings, we used to occupy a building at 7th and D, our National Capital

Region function, 1,000 people. They have now come and consolidated into 1800 F. That was pre-pandemic, literally, unfortunately I think two months prior to the pandemic beginning.

Now, post-pandemic, we are shrinking our footprint even more and talking to other agencies about who might be an interested partner in consolidating into our own facility.

Senator Capito. Well, I hope we can get this right. I think it could result, if we save money on all these, $7 billion a year, that is more money for reshaping your buildings. So I would ask that you would commit to providing me with an updated list of these 100 buildings as it moves along and their space utilization rates and the dollar amounts of the projects from the IRA. Thank you. Thank you both.

Senator Carper. I have a couple more questions, then we will wrap it up. Fortunately, we haven't had any votes, at least not in the Senate, so we have been able to have a good conversation. Again, we appreciate your being here with us for that.

We talked a whole lot about the High Risk List. We are grateful to the GAO for producing the High Risk List for us every year. It is important that we read it, and say well, there is the High Risk List, it is important we act on it. In any instance, it is not possible for any one party or

legislative branch to do it by themselves. This calls for partnerships, it calls for collaborations. As I said earlier, that is what we are pretty good at on this committee.

I understand that GAO is considering adding the GSA's maintenance backlot to the High Risk List in 2025. What factors is GAO considering in making this determination?

Mr. Marroni. We have done some recent work looking at the growth of the deferred maintenance backlog. In five years' time between 2017 to 2021 it went up by 50 percent to $76 billion. So it is a growing concern.

We have previously had deferred maintenance on our high risk list. We had taken it off previously in 2010, based on some changes that had been done. But now that the backlog is increasing again, that gives us concern. So we are definitely keeping track of that issue. It very well may appear in 2025.

Senator Carper. Okay, thank you.

This will be a question for you, Commissioner Albert. I believe July's GAO report highlights that some Federal agencies are reluctant to share their operating space. Tell us a little bit about that. Specifically, Mr. Marroni's testimony mentions the agencies' officials consider what is called inter-agency silos a challenge to space utilization.

Commissioner Albert, how is the GSA working with Federal agencies and Federal departments to address barriers to co-

location and operating space consolidation to achieve efficiencies?

Ms. Albert. We are talking to agencies right now, actually, to see which agencies are prioritizing consolidating leases into their own facility. That would be a primary and probably most desired strategy, because then you would gain the efficiencies of being consolidated.

But for those agencies, and GSA again, being the prime example, will not even after full consolidation need to occupy an entire building, we are reaching out and identifying agencies that would be interested in co-locating with us. There are a couple of agencies that fall into that category where their building capacity exceeds their total space needs. What is very interesting about many but not all Federal buildings in the national capital region is because of the scale and size of them you actually can subdivide those buildings to accommodate different headquarters and still provide that marquee designated independent entrance that would be dedicated to a headquarters and worthy of a headquarters building.

It is an evolving conversation, primarily based on agencies wanting to first look at how they can backfill their headquarters with their existing leases, as opposed to sharing as a primary strategy. Those conversations are going on, and I think there are very interesting models now, particularly for

sharing of other types of spaces as well. I will use conference centers, training centers, we are seeing that as people lean more into hybrid work, the types of space they need is not so much dedicated desks and offices, but now collaboration spaces.

Again, I will cite GSA's own example. We have a one-story conference center that is booked out for more than a year now, because there is so much demand for that kind of auditorium and collaboration space. So that is where we are seeing more, greater demand for space. We could see, for example, an agency consolidating perhaps in the job floors of the building and then making their bottom floors of their building available as conference centers.

Lots of different strategies to include and think about.

Senator Carper. Good. Thank you.

Just last week, we celebrated the anniversary of something called Kigali, which is a ratification, it is an amendment to the Montreal Protocol that phases out the use of super-polluting HFCs, hydrofluorocarbons, in refrigerants. The refrigeration industry is working hard to reclaim and reuse refrigerants and reclaimed refrigerants are as good as new and competitively priced. But there isn't much of a market for them yet, we are told.

Commissioner Albert, has GSA considered requiring the use of reclaimed refrigerants in new or recharged equipment as a way

to reduce emissions across the Federal Government?

Ms. Albert. We have, and we are proud to say that we are a leader in this. We have worked very closely with industry to prove that you can re-use refrigerants in existing equipment without deteriorating or otherwise impacting existing equipment and putting forward standards in what is called our P100 which drives design standards in buildings for reused refrigerants.

Senator Carper. Good. You have had the opportunity to give an opening statement, each of you did. You have been good to answer our questions, and we will have a few more probably in writing.

Is there anything you would like to say in closing before we wrap it up in a few minutes?

Senator Capito. I just have one question that I can't resist asking. To both of you, GSA and GAO, what is your in-office policy, working policy?

Mr. Marroni. GAO just came out with its revised in-office policy a week or two ago. There are many options. It includes a remote work option, some staff can work remotely, that becomes their official duty location. Others, depending on their role, need to come into the office four days a pay period. And others come into the office on a regular basis. It depends on the mission need and what that person's role is.

Ms. Albert. We have a similar approach. We have done what

we call position categorization, looked at every single position, because there is so much diversity in GSA about what people do. That is what dictates their tele-work status.

We have building managers that must come into the office every day. Then we have procurement specialists that may quality for remote work. A vast majority of GSA employees are in what is called kind of a tele-work status, or on-site flexible status. The minimum requirement for that is two days a pay period.

Senator Capito. What does a day consist of? How many hours?

Ms. Albert. Eight hours a day, a standard work day.

Senator Capito. Thank you for that.

Ms. Albert. But again, looking at the Public Building Service, which is what I am responsible for, we have construction managers who have to be on site, there is no substitute for that. So we tend to be in the office or on site, whether it is in a physical office or on a construction site, more frequently than, for example, some of our technology colleagues. It just depends, based on the job.

Senator Carper. Thank you very much. I have alluded to today, a couple of times, to Albert Einstein and also to Dr. Tom Coburn, our late colleague. Einstein used to say, as I mentioned earlier, in adversity lies opportunity. Dr. Coburn

was just unrelenting in going after waste in government. He was a great partner of ours and I miss him to this day.

He was a deeply religious person, as I think was Dr. Einstein. They are looking down today at this hearing and probably saying, well, let's get this done. My dad used to say to my sister and me when we were kids growing up, born in West Virginia and grew up in Virginia, used to say to us, just use some common sense. He said it a lot. You probably all remember things your parents would say to you over and over again. My dad would say that a lot. We must not have had any common sense.

But I take those words with me every day. He was also a big one for not wasting money, his money, our family's money. I have taken that seriously all my life. I got to be treasurer of the State of Delaware when I was 29. We had the worst credit rating in the Country. We could only do better, and when I was governor, we made it AAA, we still have AAA credit ratings. We have worked hard in our State at the State level to try to spend taxpayer money a lot smarter, and I think we have done well, as have a lot of other States.

I want to close by thanking you for appearing before us today. I want to thank you for your work. Mr. Marroni, give our best to Gene Dodaro, one of my favorite people is our Comptroller General. How long has he been Comptroller General?

Since Albert Einstein walked the earth.

[Laughter.]

Senator Carper. It has been a long time. Give him our best, tell him we are still interested in these issues and committed to making progress on them.

We look forward to hearing about GSA's continued work with Federal agencies to embrace the opportunity of modernizing and right sizing the Federal real estate portfolio.

Before we adjourn, a little bit of housekeeping. Senators may submit questions for the record until the close of business on Wednesday, October 11th. We will compile those questions and send them to our witness and ask the witnesses to reply by Wednesday, October 25th.

Before we adjourn, I just want to say to our staffs, we get to sit up here and ask these questions and so forth and give speeches. We have really good staff people sitting right behind us. I want to say to both majority and minority staffs, thanks very much for getting a couple of good witnesses here and addressing an issue that really needs to be not just addressed and talked about but acted upon. We look forward to working with you and the folks that you work with as well.

I think with that, it is a wrap. This hearing is adjourned. Senator Capito, thank you very much.

[Whereupon, at 11:34 a.m., the hearing was adjourned.]