

**Statement by Chairman Tom Davis
Committee on Government Reform
Business Meeting: H.R. 2548, the Federal Property
Asset Management Reform Act of 2003
July 17, 2003**

Today, the Committee will consider H.R. 2548, the Federal Property Asset Management Reform Act of 2003, introduced by Congressman Pete Sessions. The bill will help the federal government improve the management of its extensive real property holdings.

Federal government agencies control an estimated 3.2 billion square feet of real property in the United States and abroad. The government pays millions of dollars each year to maintain these properties; yet, many buildings are deteriorating, lack up-to-date technology capabilities, and pose health and safety threats to employees and visitors. Many of the government's buildings are more than 50 years old and can no longer meet the government's changing mission. As a result, agencies are often forced to vacate properties and lease costly space from the private sector.

Repairing, modernizing, and maintaining all of these properties is cost-prohibitive. This leads to further property deterioration, thus exacerbating the problem and wasting taxpayer dollars. The situation is so dire that the General Accounting Office included vacant, underutilized, and deteriorating Federal real property on its High Risk Series.

Throwing more money at the problem will not help. Fiscal responsibility requires that we also grant agencies alternative property management authority. Federal properties need to be upgraded or removed from the Federal property rolls, and the authority to enter into partnerships with the private sector must be permitted government-wide. But the government is hamstrung by a lack of modern property management tools. Agencies also lack incentives to dispose of real property.

The Federal Property and Administrative Services Act of 1949 ("Property Act") provides the framework for Federal property management. There has not been a significant modification to the Property Act since it was enacted 50 years ago, hampering the government's ability to effectively administer its portfolio. This has had a devastating effect on the condition of real properties.

Last Congress, the Committee reported H.R. 3947, which Mr. Sessions introduced this year as H.R. 2548. The Committee has worked with GSA and OMB to refine the provisions. In fact, the base text of the bill comes directly from the President's Management Agenda. Last month, the Committee continued its oversight of federal property in light of the GAO High Risk Series. The hearing highlighted that a legislative solution to enhance current federal real property management is long overdue.

H.R. 2548, the Federal Property Asset Management Reform Act of 2003, will set the Federal government on the right course.

The bill requires the General Services Administration to create an accurate and updated inventory of all Federal real property.

H.R. 2548 amends the Property Act to provide Federal agencies with the critical management tools required to pursue comprehensive property management reform

government-wide. Federal agencies will be able to employ some private sector practices so they can operate in a modern and business-like manner.

Life cycle planning and management initiatives are required, including real and personal property asset management principles and performance measurements.

Each federal landholding agency will be required to appoint a Real Property Officer to ensure that assets meet the agency's strategic objectives, oversee the development of asset management plans, and real property management functions and processes in the agency.

Federal landholding agencies will have with several new ways to maximize their real property assets. They may exchange or sell property with other Federal agencies or non-Federal entities in order to acquire replacement property better suited for mission purposes. Additionally, agencies may sublease unexpired portions of government-leased properties, and outlease underutilized property.

Agencies may lease assets that must remaining Federal ownership, and partner with the private sector for the redevelopment or improvement of selected real properties.

Agencies are provided incentives to encourage them to pursue a vigorous overhaul of their property management practices. For example, agencies may retain most of the proceeds from dispositions of real property and apply them to their capital asset needs. And, proceeds from surplus personal property sales may be used to offset the direct and indirect costs associated with the disposal.

Also, federal agencies will be able to streamline and enhance their current disposal processes.

It is time for Congress to expand GSA's property management authorities so it can effectively administer its valuable property portfolio using established best practices. The new authorities in this bill are cost effective tools that will permit the Federal government to save money in the long-term. For instance, outleasing authorities could transform vacant properties into income-generating real estate.

Last year's bill, H.R. 3947, contained language from the Office of Management and Budget that was intended to reduce the budgetary impact of the bill. However, the bill received a surprisingly high cost estimate because OMB and the Congressional Budget Office used differing approaches to calculate the cost of public-private partnerships and outleases. By focusing on last year's CBO cost estimate, one loses sight of the cost-savings that will be realized when agencies are able to implement the management authorities in this bill. Attaching a high cost estimate to this legislation is, quite simply, a counter-intuitive mystery. This is about saving money, not spending more of it. At any rate, I have worked with the Administration to draft new language that will address the scoring concerns of CBO. I will offer an amendment to add this new language to the bill.

I would like to thank the Committee's Ranking Member, Congressman Henry Waxman for his efforts on this bill and its predecessor. We have worked together over the past couple of years to produce a bi-partisan bill that authorizes much-needed management reforms.

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