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Opening Statement Ranking Member Elijah E. Cummings

Hearing on "Disposal of Federal Real Property: Legislative Proposals"

July 27, 2011

Thank you, Mr. Chairman. The efficient management of federal real property has long been of interest to this Committee, the Government Accountability Office, and the Administration. While some improvements have been made over the last decade, much more remains to be done.

The federal government has a vast real property portfolio of more than 900,000 buildings and structures with a combined area of over 3 billion square feet. The Administration recently estimated that 14,000 of these facilities were excess and 76,000 were underutilized, costing American taxpayers up to \$1.7 billion in maintenance costs every year.

Some have estimated that the sale of excess federal properties might generate significant revenue, as much as \$15 billion dollars. Personally, I am somewhat skeptical of these estimates. They rely on property values estimated using replacement value—or the cost to build another similar structure—rather than the more reliable appraisal method using fair market value.

Nevertheless, improvements in federal real property management are clearly needed.

In 2004, the previous Administration, led by the General Services Administration and the Office of Management and Budget, created the Federal Real Property Council, which made significant progress in creating an accurate inventory of the government's property holdings.

The current Administration has continued this effort. In June of 2010, the President issued a memorandum directing OMB and federal agencies to seek cost savings of \$3 billion by the end of fiscal year 2012 by increasing sales and reducing operating and maintenance costs for surplus properties.

Earlier this year, the Administration proposed legislation to create a Commission to speed the disposal of unneeded and underutilized federal property, similar to the BRAC process used for military facilities.

Today, we are honored to have three Members of the House testifying on the first panel about bills they have introduced to improve the management of unneeded and underutilized federal properties.

Rep. Quigley's legislation would make improvements to help speed disposals, require greater transparency in the reporting on federal property, allow agencies to retain the proceeds of property sales, and give GSA the authority to pay certain disposal costs on a reimbursable basis.

Rep. Denham's bill closely resembles the proposal put forth by the Administration, and I understand he worked on these issues at the state level before becoming a Member of Congress.

Finally, Rep. Chaffetz's legislation would create a pilot program run by OMB to require that selected properties be sold for cash. Under his bill, OMB would be directed to find \$19 billion in sales proceeds over the life of the pilot program.

I look forward to hearing from all of our colleagues, as well as the witnesses on the second panel.

Finally, as we consider these various proposals, I hope we pay careful attention to the current rules allowing nonprofits and local and state governmental entities to obtain surplus federal property at a discount. These narrowly constrained rules allow for such conveyances for the public's benefit, and although they represent only a small percentage of disposals, they are important to the entities that receive them and to the public.

Thank you Mr. Chairman.

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