

Cross-Agency Priority Goal: Real Property

FY2012 Q4 Status Update

Cross-Agency Priority Goal Statement

The Federal Government will manage real property effectively to generate \$3 billion in cost savings by the end of 2012.

Goal Leader

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About this document

The Cross-Agency Priority (CAP) Goals were a key innovation introduced in the FY2013 Federal Budget. These goals focus on 14 major issues that run across several Federal agencies. Each of these historic goals has a Goal Leader who is a senior level White House official and is fully accountable for the success and outcomes of the goal.

Historically, areas of shared responsibility for multiple government agencies have been resistant to real progress. Success in these areas requires a new kind of management approach – one that brings people together from across and outside the Federal Government to coordinate their work and combine their skills, insights, and resources. The CAP Goals represent Presidential priorities for which this approach is likeliest to bear fruit.

This report discusses one of these CAP Goals, the Real Property Goal, in detail, describing the plan for achieving the goal and the current status of progress. To see the full list of CAP Goals and to find out more about them, we encourage you to visit performance.gov.

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Overview

The Federal Government owns or leases roughly 1.1 million real property assets, including land, buildings, and structures. Within this portfolio, there are opportunities for savings by reducing Federally-occupied space and/or using and operating space more efficiently. The Government Accountability Office has identified real property as a potential source of significant government savings. To achieve the goal of shrinking the Federal real estate inventory and reducing operating costs, the Administration has taken several steps to improve the management of Federal real property.

In June 2010, the President directed Federal civilian agencies to achieve \$3 billion in savings and \$5 billion in savings to be achieved through the Base Realignment and Closure Commission (BRAC) process by the end of FY 2012. The President directed agencies to realize savings through reducing annual operating costs, generating income through disposing of assets, using existing real property more effectively by consolidating existing space, expanding telework, and other space realignment efforts. Agencies have already achieved \$2.4 billion in savings as of Q1 of 2012 and expect to meet and possibly exceed the President's goal of \$3 billion in savings by end of FY 2012. Of the \$2.4 billion in savings as of Q1 of 2012, approximately \$955 million has been achieved from disposals and related cost reductions, \$935 million from improved space management, and \$375 from sustainability (e.g. improved lighting efficiency), and \$131 million from innovation (e.g. teleworking).

Strategies

Agencies are actively working to identify ways to save costs by reducing their footprint through disposals, consolidations, energy savings, telework and sharing space with other agencies. Each agency has submitted a plan for how they will contribute to the government-wide goal of \$3 billion in savings. All identified cost saving methods used by agencies have been grouped into four

categories: disposal, space management, sustainability, and innovation. A description of the four categories is provided below.

- Disposal: This category captures the benefit associated with the disposal of property, i.e. the proceeds of the sale and the operating cost avoidance.
- Space Management: This is the broadest category. It includes cost savings associated with “direct” space management decisions such as lowering operating costs through renegotiation or elimination of leases; consolidation of offices; reducing square footage through techniques such as reduction in office and work station sizes; and/or moving from leased to Federally-owned space.
- Sustainability: This category predominantly captures savings from more efficient use of energy and utilities.
- Innovation: This category captures real property savings that occur as a result of other management improvements. An example would be teleworking, which would allow for shared use of workstations.

Space management represents approximately 40 percent of the savings to date and this trend is expected to continue. Every agency has identified some form of space management initiative that impacts its footprint.

Progress Update

In June 2010, President Obama set an ambitious goal for his Administration: to eliminate billions in real estate costs by consolidating or selling off excess Federal properties that are no longer needed. The President’s directive included two parts: \$5 billion in savings through the Base Realignment and Closure Commission (BRAC) process, as well as \$3 billion in non-BRAC savings.

Agencies have already achieved \$2.4 billion in savings as of Q1 of 2012 and expect to meet and possibly exceed the President’s goal of \$3 billion in savings by end of FY 2012. Of the \$2.4 billion in savings as of Q1 of 2012, approximately \$955 million has been achieved from disposals and related cost reductions, \$935 million from improved space management, and \$375 from sustainability (e.g. improved lighting efficiency), and \$131 million from innovation (e.g. teleworking).

Underlying these achievements has been a new perspective in real property management: one that is aligned in real time with agency missions to ensure that we are making smart real estate investments. Under this initiative, agencies are actively examining their real property portfolios to identify underutilized assets and finding opportunities to reduce office space, encourage wider adoption of telework, provide alternate workspace configurations, reduce operating costs, and consolidate and co-locate operations.

As part of the Administration’s “Campaign to Cut Waste,” OMB Memorandum 12-12 “Promoting Efficient Spending to Support Agency Operations” was issued on May 11, 2012 which, among other things, provides that agencies may not increase the size of their civilian buildings inventory, unless certain exemptions apply. Additional OMB guidance for implementing this provision is

forthcoming. This policy will enable the Federal government to continue making progress on real estate management by incentivizing better utilization of building space and more thorough justification of space acquisition.

In addition to freezing their real property footprint, Federal agencies have been instructed to use their existing real property information to make data-driven decisions on how to consolidate, co-locate, and dispose of their assets, and optimize space utilization. Agencies are to take appropriate actions for ensuring that the real property data they submit to the Federal Real Property Profile (FRPP), the Federal Government's single, comprehensive, and descriptive database of Federal real property, is accurate, complete, and consistent. By ensuring we have reliable data, agencies will be able to move the ball even further in identifying additional opportunities for cost savings and right-sizing the Federal government's footprint. Further, the Administration believes that enactment of the President's real property proposal, included in the FY 2013 President's Budget, would empower agencies to make the best decisions to transform the face of the Federal government's real property holdings.

These types of common sense steps, paired with improved Federal asset management practices, will continue to drive this Administration's efforts to deliver the most efficient and effective government possible for the American taxpayer. OMB will continue to collaborate with government-wide real property stakeholders to improve the management of Federal real property.

Indicator

Achieve \$3 Billion in Real Property savings by the end of FY 2012.

- Status: in progress - \$2.4B achieved.

Next Steps

- To reflect lessons learned and new approaches moving forward, the Administration may establish a new Cross-Agency Priority Goal based on square footage consistent with the forthcoming Freeze the Footprint guidance and implementation.

Contributing Programs and Other Factors

The Office of Management and Budget's Office of Federal Financial Management, and Division of General Government Programs the General Services Administration's Office of Government-Wide Policy, and the agencies, listed below.

- Department of Agriculture
- Department of Commerce
- Department of Defense
- Department of Education
- Department of Energy
- Department of Health and Human Services
- Department of Homeland Security
- Department of Housing and Urban Development
- Department of the Interior
- Department of Justice
- Department of Labor
- Department of State
- Department of Transportation
- Department of the Treasury
- Department of Veterans Affairs
- Environmental Protection Agency
- National Aeronautics and Space Administration
- Agency for International Development
- General Services Administration
- National Science Foundation
- Nuclear Regulatory Commission
- Office of Personnel Management
- Small Business Administration
- Social Security Administration

Additional References

Additional information on agency specific targets and savings to-date which support this government-wide goal can be found on <http://finance.performance.gov/initiative/manage-property/home>.

A map visualizing a sampling of about 14,000 buildings and structures currently designated as excess can be found on <http://www.whitehouse.gov/issues/fiscal/excess-property-map>.