



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

September 21, 2011

H.R. 2844 **National Women's History Museum** **and Federal Facilities Consolidation and Efficiency Act of 2011**

*As ordered reported by the House Committee on Transportation and Infrastructure
on September 8, 2011*

SUMMARY

H.R. 2844 would require the Administrator of the General Services Administration (GSA) to transfer ownership or control of two properties in Washington, D.C. The bill would direct GSA to sell a piece of property located on Independence Avenue, S.W., to the National Women's History Museum, Inc. (a nonprofit corporation). GSA also would be directed to transfer the headquarters building of the Federal Trade Commission (FTC) to the National Gallery of Art (NGA). Employees currently in the FTC headquarters building would be relocated to leased office space.

CBO estimates that enacting this legislation would increase offsetting receipts (a credit against direct spending) from the sale of the specified Independence Avenue property by about \$50 million in 2014. That amount would be deposited in the Federal Building Fund. (Spending from that fund is subject to appropriation.) CBO estimates that implementing other provisions of H.R. 2844 would cost \$40 million over the 2012-2016 period, assuming appropriation of the necessary funds. That cost is net of savings from terminating certain existing NGA leases.

Because the legislation would reduce direct spending, pay-as-you-go procedures apply. Enacting the H.R. 2844 would not affect revenues.

H.R. 2844 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would not affect the budgets of state, local, or tribal governments.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 2844 is shown in the following table. The costs of this legislation fall within budget function 800 (general government).

	By Fiscal Year, in Millions of Dollars					2012- 2016
	2012	2013	2014	2015	2016	
CHANGES IN DIRECT SPENDING						
Sale of Property to Women's History Museum Corporation						
Estimated Budget Authority	0	0	-50	0	0	-50
Estimated Outlays	0	0	-50	0	0	-50
CHANGES IN SPENDING SUBJECT TO APPROPRIATION						
National Gallery of Art						
Estimated Authorization Level	0	11	1	-7	-7	-2
Estimated Outlays	0	11	1	-7	-7	-2
Federal Trade Commission						
Estimated Authorization Level	8	29	6	0	0	42
Estimated Outlays	8	29	6	0	0	42
Total Changes						
Estimated Authorization Level	8	40	7	-7	-7	40
Estimated Outlays	8	40	7	-7	-7	40

Note: Components may not sum to totals because of rounding.

BASIS OF ESTIMATE

For this estimate, CBO assumes that the legislation will be enacted near the end of 2011, that the necessary funds will be appropriated for each year, and that spending will follow historical patterns for similar activities.

Direct Spending

Sale of Property to Women's History Museum Corporation. H.R. 2844 would authorize the sale of federal property near the intersection of 12th Street and Independence Avenue, S.W., in Washington, D.C., to the Women's History Museum Corporation. The legislation would direct GSA to complete the conveyance within three years. Under the bill, no federal funds could be used to purchase the site or to design and construct a museum on the site; the property would revert to the federal government if the corporation uses it for any purpose other than a museum or fails to commence work on the museum within five years after enactment of H.R. 2844. Net proceeds from the sale would be deposited into the Federal Building Fund and spending of those funds would be subject to future appropriation.

GSA currently controls the property near the intersection of 12th Street and Independence Avenue, S.W., which consists primarily of a small parking lot; the agency reports that it has no plans to declare the property excess to its needs. Thus, under current law, CBO does not expect that the property would be conveyed for a public purpose or sold over the next 10 years.

An assessment of the property's value has not yet been completed. That assessment would consider a variety of factors, including the property's highest and best use, the presence of any hazardous substances or zoning restrictions on the site, and a final land survey. Based on recent property sales in the District of Columbia, CBO estimates that net proceeds from this sale would total about \$50 million in 2014.

Spending Subject to Appropriation

H.R. 2844 would direct GSA to transfer the FTC headquarters building to the NGA by December 31, 2012. The building would be renamed the North Building of the National Gallery of Art. Under this bill, after the transfer, the FTC Headquarters employees would be relocated to leased space in a privately owned building (Constitution Center, located at 400 7th Street, S.W., in Washington, D.C.).

Assuming appropriation of the necessary funds, CBO estimates that implementing H.R. 2844 would cost \$40 million over the 2012-2016 period, mostly for relocating the FTC. That estimate is net of savings from terminating certain NGA office leases and assumes that the FTC would occupy office space that is currently being leased by the federal government and that would otherwise remain vacant for at least the next year. The SEC and GSA are currently considering alternative uses for the space, which the SEC leased but no longer requires. It is possible that the lease for the portion of Constitution Center affected by this bill will be terminated or used by another federal agency before the FTC would be relocated under H.R. 2844 late in calendar year 2012. The bill makes no provision for housing the FTC if such alternative arrangements were to be made before H.R. 2844 is enacted.

National Gallery of Art. The NGA is housed primarily in two buildings on the Mall (the West and East Buildings) that were presented as gifts to the United States from private donors in 1941 and 1978. The NGA currently has two leases for office space and a service agreement to store artwork in other buildings. According to the NGA, more space will be needed in the future to accommodate additional administrative staff and to display and store additional artwork.

Under H.R. 2844, CBO expects that the NGA would move some of its administrative staff into the former FTC building in 2013 and begin to redesign the building's interior for its use. We estimate that the NGA would spend about \$20 million over the 2015-2016 period, primarily for moving costs, initial design work, and office equipment. Those costs

would be more than offset by savings from ending two of the NGA's leases for administrative office space. Under current law, those leases will cost about \$7 million over the 2014-2016 period, and could be terminated if the NGA were able to use the FTC building for administrative offices without significant modifications. On balance, CBO estimates that net savings to the NGA would total about \$2 million over the next five years, assuming future appropriations to the agency are reduced because of its reduced operating costs under the bill.

The bill specifies that, after transfer of the building from the FTC to the NGA, all initial costs of remodeling, renovating, and reconstructing it would be funded by private donations. The NGA estimates that it would cost at least \$150 million to modify the structure, mostly to create new areas to display art; those costs do not include other possible improvements to the area, such as a tunnel from the new facility to the East and West Buildings.

Although H.R. 2844 states that initial modification costs may not come from appropriated funds, it is unclear whether the NGA could attract sufficient donations from private individuals to cover those costs. Since the original buildings were donated to the NGA, all renovations and repairs to those facilities have been completed with appropriated funds. For example, the NGA is midway through a large renovation project that was begun in 1999 and has involved more than \$140 million worth of improvements, primarily to the West Building. The NGA is also working on an \$85 million project to repair the exterior marble veneer of the East Building. Both projects are being undertaken using appropriated funds.

Federal Trade Commission. After the transfer of the FTC headquarters to the National Gallery of Art, H.R. 2844 would direct GSA to relocate FTC employees from the current headquarters building to leased space at a specified location (a portion of Constitution Center located at 400 7th Street, S.W., in Washington, D.C.). That location is currently under a 10-year lease entered into by the Securities and Exchange Commission in July 2010. However, the SEC has no plans to use the space that the FTC would occupy.

According to the FTC, the commission's headquarters building holds more than 700 employees, contractors, and children (in a day care center). Based on information from GSA and the FTC, CBO estimates that reconfiguring the space, relocating the employees from the FTC headquarters to Constitution Center, and installing furniture, computers, and telecommunications equipment would cost \$42 million over the 2012-2016 period, assuming appropriation of the necessary amounts.

After the current 10-year lease for space in Constitution Center expires, the FTC headquarters employees would still need office space. At that time, GSA would need to build a new headquarters facility or enter into a long-term lease of space in Constitution Center or another privately owned facility.

Discretionary Authorization Reductions. The bill states that the authorization of appropriations for two programs of the GSA—the Energy and Water Retrofit and Conservation Program and the Wellness and Fitness Program—shall be zero for fiscal years 2012 and 2013. Those programs, which are authorized annually by Congressional committees, were authorized at \$20 million and \$7 million, respectively, for fiscal year 2011. Neither program currently has an authorization of appropriation specified for 2012 or 2013. Consequently, while this provision would establish a zero authorization level for those programs, it would not reduce any existing authorizations for those years.

PAY-AS-YOU-GO CONSIDERATIONS

The Statutory Pay-As-You-Go Act of 2010 establishes budget-reporting and enforcement procedures for legislation affecting direct spending or revenues. H.R. 2844 would increase offsetting receipts (a credit against direct spending) from the sale of federal property. The changes in direct spending that are subject to those pay-as-you-go procedures are shown in the following table.

CBO Estimate of the Statutory Pay-As-You-Go Effects for H.R. 2844 as ordered reported by the House Committee on Transportation and Infrastructure on September 8, 2011

	By Fiscal Year, in Millions of Dollars											2011-	2011-
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2016	2021
NET INCREASE OR DECREASE (-) IN THE DEFICIT													
Statutory Pay-As-You-Go Impact	0	0	0	-50	0	0	0	0	0	0	0	-50	-50

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 2844 contains no intergovernmental or private-sector mandates as defined in UMRA and would not affect the budgets of state, local, or tribal governments.

PREVIOUS CBO COST ESTIMATES

On April 12, 2011, CBO transmitted a cost estimate for H.R. 690, the Federal Trade Commission and National Gallery of Art Facility Consolidation, Savings, and Efficiency Act of 2011, as ordered reported by the House Committee on Transportation and Infrastructure on February 16, 2011. On April 22, 2011, CBO transmitted a cost estimate for S. 680, National Women’s History Museum Act of 2011, as ordered reported by the

Senate Committee on Environment and Public Works. H.R. 2844 combines those two pieces of legislation along with some significant changes:

- Under H.R. 2844, GSA would no longer be allowed to retain and spend the proceeds from the sale of the site to the Women’s History Museum Corporation.
- In addition, the FTC would be required to move out of government-owned space into specified leased space in a privately owned building.

The cost estimates reflect those differences.

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