



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

September 10, 2012

### **S. 2178** **Federal Real Property Asset Management Reform Act of 2012**

*As ordered reported by the Senate Committee on Homeland Security  
and Governmental Affairs on June 29, 2012*

#### **SUMMARY**

S. 2178 would amend the Federal Property and Administrative Services Act (Property Act) to facilitate the disposal of federal real property. The legislation would expand the duties and responsibilities of the Federal Real Property Council (FRPC), provide new authorities to the General Services Administration (GSA), and establish a five-year program to expedite the disposal of underutilized federal property.

CBO estimates that, assuming the availability of appropriated funds, implementing S. 2178 would cost \$103 million over the 2013-2017 period for additional administrative and reporting activities related to disposing of property.

Enacting the bill would affect direct spending by increasing both receipts from property sales and spending of those receipts; therefore, pay-as-you-go procedures apply. CBO estimates, however, that any change in net direct spending would not be significant. Enacting the legislation would not affect revenues.

S. 2178 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments.

#### **ESTIMATED COST TO THE FEDERAL GOVERNMENT**

The estimated budgetary impact of S. 2178 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					2013- 2017
	2013	2014	2015	2016	2017	
<b>CHANGES IN SPENDING SUBJECT TO APPROPRIATION</b>						
Federal Real Property Council						
Estimated Authorization Level	20	21	21	21	22	105
Estimated Outlays	16	20	21	21	22	100
Other Provisions						
Estimated Authorization Level	1	*	*	*	*	3
Estimated Outlays	1	*	*	*	*	3
Total Changes						
Estimated Authorization Level	21	21	21	21	22	108
Estimated Outlays	17	20	21	21	22	103

Note: \* = less than \$500,000.

## **BASIS OF ESTIMATE**

For this estimate, CBO assumes that S. 2178 will be enacted near the end of 2012, that the necessary funds will be provided for each year, and that spending will follow historical patterns for the affected programs.

### **Federal Real Property Council**

S. 2178 would codify and expand the duties of the FRPC. Under the legislation, the council would be required to publish an annual asset management plan that includes performance measures for managing real property. The FRPC also would have to submit a report to the Congress that analyzes the entire federal property inventory within 180 days of enactment of the bill and annually for the subsequent five years. The report would include information collected by GSA on leased property, an analysis of the suitability of properties for co-locating federal agencies, an analysis of the extent of underutilized property, and a plan to dispose of assets. Based on information from GSA and the cost of similar councils and commissions, CBO estimates that implementing those provisions would cost about \$20 million annually.

### **Other Provisions**

The legislation would require GSA to improve its database of real property and the Government Accountability Office to prepare a report for the Congress on the federal properties conveyed to organizations that assist homeless persons. Based on information

from GSA and on similar GAO reports, CBO estimates that those activities would cost \$3 million over the 2013-2017 period, assuming the availability of appropriated funds.

## **Direct Spending**

Under the Property Act, GSA currently manages the disposal of surplus federal property for most agencies. That act allows GSA to retain 12 percent of the proceeds from public sales to cover the direct costs of such activities as paying auction fees and conducting appraisals. S. 2178 would allow GSA to retain and use additional proceeds from the sales of underutilized property to help pay for the direct and indirect costs of other agencies' disposal activities. Such costs would include market research, cost/benefit analyses, and other activities to identify and prepare properties for disposal that have not yet been declared excess to the government's needs. Under the bill, any remaining net proceeds from federal property sales would be available, subject to future appropriation, to cover the costs of other property management activities.

The legislation also would establish a five-year program to expedite the disposal of underutilized federal property. Under that program, properties could be sold without some of the administrative reviews and determinations that must occur under current law. Proceeds from those sales would be available to be spent, subject to future appropriation. The Director of the Office of Management and Budget would identify the federal properties available for disposal under this expedited program, which would terminate five years after enactment. Under the bill, agencies would be prohibited from acquiring or leasing new property until they have disposed of all of their underutilized property.

CBO expects that GSA and other federal agencies would use some of the new authorities provided in this bill to make more properties available for disposal than would be available under current law. The number of additional properties made available would be modest, however, because we expect that many of the largest federal agencies that manage significant numbers of properties would probably opt to continue using their enhanced-use leasing authorities rather than GSA's disposal services to leverage value from underused real property. In addition, spending of the proceeds from property sales that are expected to occur under current law would increase because S. 2178 would expand the purposes for which such receipts could be used. In total, the net change in direct spending would be insignificant, CBO estimates.

## **PAY-AS-YOU-GO CONSIDERATIONS**

The Statutory Pay-As-You-Go Act establishes budget-reporting and enforcement procedures for legislation affecting direct spending or revenues. CBO estimates that enacting S. 2178 would affect net direct spending, but any such effects would be insignificant. Enacting the legislation would not affect revenues.

## **INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT**

S. 2178 contains no intergovernmental or private-sector mandates as defined in UMRA and would impose no costs on state, local, or tribal governments.

## **PREVIOUS CBO ESTIMATES**

CBO has prepared cost estimates for four other pieces of legislation concerned with the management of federal real property:

- On March 13, 2012, CBO transmitted a cost estimate for H.R. 665, the Excess Federal Building and Property Disposal Act of 2012, as provided to CBO by the House Committee on Oversight and Government Reform on February 28, 2012.
- On February 24, 2012, CBO transmitted a cost estimate for H.R. 665, as ordered reported by the House Committee on Oversight and Government Reform on November 17, 2011.
- On February 1, 2012, CBO transmitted a cost estimate for H.R. 1734, the Civilian Property Realignment Act, as transmitted to the Congressional Budget Office by the House Committee on the Budget on January 24, 2012.
- On December 8, 2011, CBO transmitted a cost estimate for H.R. 1734, as ordered reported by the House Committee on Transportation and Infrastructure on October 13, 2011.

S. 2178 and these four pieces of legislation address the disposal of unwanted federal property, but because the bills differ in terms of their comprehensiveness and general approach to property management and disposal, CBO's estimates of their budgetary impacts are different.

## **ESTIMATE PREPARED BY**

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