



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

July 11, 2016

S. 2509

Federal Property Management Reform Act of 2016

*As ordered reported by the Senate Committee on Homeland Security
and Governmental Affairs on February 10, 2016*

SUMMARY

S. 2509 would amend federal laws related to managing federal property. Specifically the legislation would require the United States Postal Service (USPS) to prepare a physical and financial assessment for each of its properties. In addition, the bill would codify and expand the duties and responsibilities of the Federal Real Property Council (FRPC), provide new authorities to the General Services Administration (GSA), and require additional reports from federal agencies on their use of real property, whether owned or leased.

CBO estimates that enacting the bill would increase direct spending by the USPS by \$15 million over the 2017-2021 period. USPS cash flows are classified as off-budget. Because enacting the legislation would affect only direct spending that is off-budget and would not affect revenues, pay-as-you-go procedures do not apply.

In addition, CBO estimates that implementing S. 2509 would cost federal agencies \$3 million over the 2017-2021 period for additional administrative and reporting activities related to property disposal; such spending would be subject to the availability of appropriated funds.

CBO estimates that enacting S. 2509 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2027.

S. 2509 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 S. 2509 is shown in the following table. The costs of this legislation fall within budget functions 370 (commerce and housing credit) and 800 (general government).

	By Fiscal Year, in Millions of Dollars					2017- 2021
	2017	2018	2019	2020	2021	
INCREASES IN DIRECT SPENDING (OFF-BUDGET)						
Estimated Budget Authority	10	5	0	0	0	15
Estimated Outlays	10	5	0	0	0	15
INCREASES IN SPENDING SUBJECT TO APPROPRIATION						
Estimated Authorization Level	1	*	*	*	*	3
Estimated Outlays	1	*	*	*	*	3

Notes: * = less than \$500,000; components may not sum to totals because of rounding.

BASIS OF ESTIMATE

For this estimate, CBO assumes that S. 2509 will be enacted near the end of 2016, that the necessary funds will be available each year, and that spending will follow historical patterns for the affected programs.

Direct Spending

S. 2509 would direct the USPS to prepare an assessment for each of its properties, including information on the age and condition, annual operating costs, capital expenditures, and estimated operation and maintenance costs. The Postal Service has roughly 30,000 properties that would be affected by the bill. Based on information from the USPS and the costs of similar activities, CBO expects that assessments would cost, on average, about \$500. Thus, CBO estimates that enacting the bill would increase direct spending by \$15 million over the 2017-2018 period for the agency to carry out the assessments required by S. 2509. Spending by the Postal Service is classified as off-budget.

Spending Subject to Appropriation

S. 2509 would codify and expand the duties of the FRPC, increase the reporting responsibilities of landholding agencies, require GSA to improve its database of federal real property, and require the USPS Inspector General to prepare a report on excess property held by the Postal Service. Under the legislation, the FRPC would need to develop new measures to evaluate the use of government facilities and to create a strategy to reduce the need to lease buildings. The FRPC also would need to create a list of excess, surplus, and underutilized property, and properties that would be available for federal agencies to share. Finally, agencies would have to report new information to the FRPC, including the cost of selling properties, the amount of capital expenditures per building, and the number of federal employees and contractors that use each facility.

Based on information from GSA and some landholding agencies and the costs of similar activities, CBO estimates that implementing those provisions would cost about \$3 million over the 2017-2021 period, mostly for salaries and expenses.

PAY-AS-YOU-GO CONSIDERATIONS: None.

INCREASE IN LONG-TERM DIRECT SPENDING AND DEFICITS

CBO estimates that enacting the bill would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2027.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

S. 2509 contains no intergovernmental or private-sector mandates as defined in UMRA and would not affect the budgets of state, local, or tribal governments.

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