



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

September 25, 2013

H.R. 2612 **Public Buildings Savings and Reform Act of 2013**

*As ordered reported by the House Committee on Transportation and Infrastructure
on July 10, 2013*

H.R. 2612 would amend federal law regarding the management of the General Services Administration (GSA). The bill would set maximum rental rates that the government could pay for leases of buildings, limit the acquisition of new federal property, set specific requirements for the construction of federal courthouses, set restrictions on bonuses for GSA employees, limit the authority of other agencies to lease real property, and require GSA to set utilization rates for federal buildings. Finally, H.R. 2612 would require GSA to prepare a number of reports for the Congress.

Based on information from GSA, CBO estimates that implementing H.R. 2612 would cost \$17 million over the 2014-2018 period, assuming appropriation of the necessary amounts. Those costs would result primarily from the requirement that GSA expand its current analysis of maximum rental rates, which currently covers only the Washington, D.C., Metropolitan area, to include approximately 1,400 real estate markets around the country. Other provisions of the bill would codify a number of practices currently being undertaken by the federal government, including freezing the size of existing real estate assets pursuant to guidance from the Office of Management and Budget (OMB). Other current practices include having agencies annually submit their overall approach to real property usage and spending to OMB, and promoting co-location and consolidation among agencies. Enacting H.R. 2612 would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply.

Currently, GSA spends more than \$5 billion annually from the Federal Building Fund to lease almost 200 million square feet of space for federal agencies. In addition, the most recent Five-Year Courthouse Project Plan as approved by the U.S. Judicial Conference lists 12 courthouse projects currently underway that involve more than \$1 billion in total construction costs. By establishing maximum rental rates and imposing requirements for judges to share courtroom facilities, implementing H.R. 2612 could lead to significant savings for construction, leasing, and operations and maintenance in the future. However, because of the length of most leases (five to 20 years) and the time required to complete courthouse construction (seven years or more), we expect that any cost savings over the next five years from implementing this legislation would be small.

H.R. 2612 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would not affect the budgets of state, local, or tribal governments.

The CBO staff contacts for this estimate are Maggie Morrissey and Matthew Pickford. The estimate was approved by Theresa Gullo, Deputy Assistant Director for Budget Analysis.