

Statement of Emily Murphy
Administrator, U.S. General Services Administration
Before the Subcommittee on Government Operations of the
Committee on Oversight and Government Reform
Thursday, February 15, 2018
2154 Rayburn House Office Building

“General Services Administration – Checking in with the Government’s Acquisition and Property Manager”

Good morning Chairman Meadows, Ranking Member Connolly, and members of the Subcommittee. My name is Emily Murphy and I am the new Administrator of the U.S. General Services Administration (GSA). With me today is Daniel Mathews, Commissioner of the Public Buildings Service (PBS) at GSA, and Alan Thomas, Commissioner of the Federal Acquisition Service (FAS) at GSA. Thank you for your invitation to testify here today; we are grateful for the opportunity to talk about our acquisition and real estate programs.

The mission of GSA is to deliver value and savings in real estate, acquisition, technology, and other mission-support services across government. Today, PBS provides critical space to Federal agencies across the country which contains nearly 8,700 buildings that represent 371 million rentable square feet. Additionally, FAS facilitated \$55 billion in acquisition in fiscal year 2017. This includes \$31 billion directly from GSA Multiple Award Schedules, which accounts for 22 percent of the Federal market.

As I stated at my confirmation hearing, my vision as Administrator for GSA can be distilled into four guiding principles that can be applied to every aspect of GSA’s mission: ethical leadership, reducing duplication, increasing competition, and improving transparency. I will discuss these principles below, and provide examples of some of the ongoing work at GSA that applies to these categories.

Ethical Leadership

My first principle is ethical leadership. Given the major role GSA plays in managing real estate and overseeing acquisition, we must strive to ensure that we are putting the American taxpayer first in all that we do. To accomplish this, GSA must have a culture that encourages a diversity of opinions and values the contributions of all employees in working together to promote the best possible decisions by the agency.

I previously served at GSA during the second Bush Administration, and since my return to the agency, one of my first acts was to quadruple the amount of required ethics training for all political appointees at GSA. Political appointees play a critical role in the governance of an agency, and it is essential that they have a crystal clear understanding of what constitutes

appropriate and inappropriate behavior from day one. Moreover, ensuring that senior staff are held to the highest standards helps ensure and instill a culture of integrity throughout the agency. Moving forward, I plan to enhance this high level of training by adding more targeted ethics training by focusing on areas where GSA has a relatively unique role in the federal government, such as through a deeper focus on the Competition in Contracting Act.

Additionally, as a former Hill staffer, I strongly believe in the value of oversight. To that end it has been - and will remain - my goal to be as forthcoming as possible with regard to any and all oversight requests received from this body. During my prior tenure at GSA, I relied heavily on the work of the Office of the Inspector General. I am highly appreciative of the important work of this office and grateful to Ms. Ochoa for her assistance as I take on this new role.

Ms. Ochoa and I have monthly meetings and she and her team consistently provide valuable insight and reporting that helps make GSA better. I look forward to continuing our open line of communication with our oversight authorities and ensuring we have an environment where it is safe to report waste, fraud, or mismanagement. I also look forward to meeting with representatives from the Government Accountability Office (GAO) in the coming weeks. I believe that the findings and recommendations made by GAO and our Inspector General are a roadmap of where we need to focus our attention as an agency.

Moreover, the goal of these relationships is to further strengthen not only GSA's culture of ethical behavior, but also to signal to all employees that I wholly encourage the entire GSA workforce to share their opinions and be confident that their ideas will be taken seriously. My goal is to identify problems while they are still in the future, not after they happen.

Reducing Duplication

My second principle is reducing duplication. Keeping in mind our role as stewards of taxpayer dollars, it is essential that GSA identify ways to reduce duplication across our internal mission support services, in our own systems, and, where appropriate, across the Federal Government by facilitating the adoption of shared services. I take this task seriously, and would like to highlight some areas in which GSA is already making progress to reduce duplication.

Disposal & Consolidation

PBS is committed to leading the Federal Government in optimizing its owned and leased real property portfolio. Since 2012, GSA has reduced the size of its inventory occupied by its own employees by 2.4 million square feet, or 40 percent. One of the key reasons for achieving this success was the development of a GSA space utilization standard of 136 square feet per person. Many Federal office buildings now have open floor plans, which has driven the more efficient and effective use of office space while also fostering greater employee collaboration.

In addition to managing its own portfolio, PBS also provides real estate services to more than 50 Federal agencies and 400 bureaus. GSA equips these customers with long-term planning tools

to develop housing and mission requirements, as well as strategies to better manage current and future workspace. In fiscal year (FY) 2015 and FY 2016, PBS helped its customers reduce their occupancies in GSA-controlled space by over 2 million square feet, and has reduced its own occupied space by over 1 million square feet.

The Consolidation Activities special emphasis (Consolidation) program is one of the tools available to support agency initiatives to reduce space and rental cost. Since its inception in FY 2014, Congress has appropriated \$263 million for the Consolidation program. These appropriations funded 78 Consolidation projects which, when complete, will result in an annual lease cost avoidance of \$132 million, a space reduction of almost 1.7 million square feet, and reduced agency rent by \$66 million annually. In other words, this investment pays for itself in two years and then saves taxpayers \$132 million a year thereafter.

One example of the Consolidation program's success and benefit to Federal customers is the Internal Revenue Service (IRS) in New York City. Previously, the IRS occupied expensive leased space in Midtown Manhattan. A \$3.5 million investment, through the Consolidation program, enabled the IRS to relocate to vacant space in an existing Federal building. When the IRS moved from federally-leased to owned space, the agency was also able to reduce the square footage it occupied by 75 percent. This consolidation saved taxpayers and the IRS \$9 million annually in lease payments.

In addition to locating and executing consolidation opportunities, PBS also identifies and disposes of non-performing and vacant Federal real property. In FY 2017, GSA partnered with Federal agencies to dispose of 123 assets government-wide, which generated over \$115 million in gross proceeds. These disposals resulted in a reduction of over 2.9 million square feet and 893 acres from the federal footprint.

However, the Federal Government is not the only participant and benefactor in this process. State, local, and non-profit partners play a vital role in helping GSA identify and unlock an asset's value and benefit.

In May 2016, GSA determined that the Austin U.S. Courthouse, a building constructed in 1936 and steps away from the Texas Capitol, was no longer needed by the Federal Government. Local government and others expressed interest in acquiring the building for public use. Travis County, in need of a place to house their Probate Courts, submitted an application to acquire the building via a Historic Monument Public Benefit Conveyance. The National Park Service, the sponsoring agency for the Historic Surplus Property Program, reviewed and approved their application. The transfer to Travis County saves the Federal Government funding to operate the facility while also benefiting the local community and ensuring the historic nature of this facility will be maintained.

In 2016, Congress passed the Federal Assets Sale and Transfers Act (FASTA) to further encourage landholding agencies to reduce the number of unneeded and underutilized properties from the Federal inventory. GSA supports FASTA and we view this as one more valuable tool to incentivize agencies to be more efficient and effective in their management of

real property. The legislation streamlines the Federal real property disposal process by establishing an independent board to make recommendations for property disposals, along with creating a fund that will serve as a catalyst to further right-size Federal real property holdings.

Last year, GSA issued FASTA data calls to Chief Financial Officers (CFO) Act agencies. This gave Federal agencies the opportunity to proactively identify FASTA candidate properties. GSA then collected, evaluated, and ranked agency FASTA submissions. GSA has also undertaken a contracting effort to engage the private sector to assist in the identification of candidate properties and conduct a data gap analysis of the program. GSA is confident that once the FASTA board is empaneled, our agency will be able to provide the board with the data and information it needs to carry out the intent of the legislation.

Multiple Award Schedule Program

Reducing duplication is also a driving priority in the contracting arena. For instance, when it comes to the Multiple Award Schedule (MAS) program, GSA found that the lack of an easy way to acquire Order-Level Materials (OLM), also known as Other Direct Costs (ODC), was a major driver of contract duplication. This situation forced federal agencies to award duplicative contracts and meant some contractors had to juggle and manage many overlapping contracts. GSA published a new rule in late January of this year, which when fully implemented, permits federal agencies to add order-level materials to Schedule orders. This change, long sought by both federal agencies and Schedule contract-holders, is expected to make Schedules faster, easier, and less expensive to use for agencies and will reduce duplicative and inefficient contracts as well as removing barriers to entry into the federal marketplace, especially for small businesses and industry as a whole.

Fleet Management

Another area that FAS is engaged in to reduce duplication is through increasing opportunities for agencies to take advantage of centralized services. In FY 2018, GSA Fleet is commencing a series of consolidation studies at several agencies. We will perform these studies to determine if leasing from GSA would be more effective, efficient and would provide additional savings. Consolidations are a normal business activity for the private sector and GSA, but this effort expands this best practice on a larger scale.

Leveraging GSA's Fleet shared services can save agencies time and money on operations and maintenance when compared to agencies who manage their own fleet vehicles. In fact, GSA Fleet leased vehicles demonstrate average savings of \$2,514 per year per vehicle based on the 2015 Federal Fleet Report. The agencies to be studied in FY 2018 all reported vehicle costs per mile for their owned vehicles that were notably higher than the costs per mile for GSA Fleet vehicles with similar capabilities.

Centers of Excellence

Furthermore, FAS is working to reduce duplication in the information technology (IT) modernization space. For instance, last year, GSA began efforts, to establish five new Centers of Excellence (COE). The COEs will house centralized, function specific talent, products and acquisition vehicles. Agencies have unique missions but the systems they build to deliver those missions rely on foundational capabilities that are not unique. The COE teams will provide expert advice, consulting, development and support solution implementation in the areas of: Cloud Adoption; IT Infrastructure Optimization; Customer Experience; Service Delivery Analytics; and Contact Centers. The first client agency for the COEs is the United States Department of Agriculture (USDA). These Centers of Excellence will not only accelerate the modernization of IT infrastructure across the federal government, they will also leverage private sector innovation while encouraging collaboration across agencies to reduce duplication. The goal is to develop a model at one agency that can then be replicated at others, rather than several different departments pursuing several divergent IT modernization efforts.

Regulatory Reform

Finally, in support of Executive Order 13777, Enforcing the Regulatory Reform Agenda, GSA established a Regulatory Reform Task Force that meets regularly to review existing acquisition regulations that would benefit from reform or elimination. Examples of regulatory reform proposals currently under review or being pursued include making it easier for vendors to do business with GSA. More specifically, GSA is looking at ways to remove outdated requirements in the GSA Acquisition Regulation that require contractors to submit multiple reports or redundant information.

In addition, GSA issued a series of Federal Register notices to open our review to public input. The response has been strongly positive and resulted in over 1,100 comments from the public. GSA also sought and obtained input from its federal agency partners as well as GSA employees. In total, GSA received close to 2,100 comments addressing regulatory reform. We are currently reviewing all the comments, to identify the most appropriate for action, and will prioritize such action.

Increase Competition

My third principle is to increase competition. Whether it is when we are looking to buy a product or acquire a new lease, the greater the competition the greater the value to the taxpayer as it drives lower costs and increases quality and delivery speed.

Lease Renegotiations

In the public buildings space, more opportunities are on the horizon to further reduce the Federal Government's real estate costs through leasing. Over the next five years, just under 5,000 of GSA's leases will expire—meaning we'll need to evaluate housing solutions for 55 percent of our leased portfolio, or approximately 102 million square feet of government-occupied

space. This year, GSA has 7.1 million square feet of leased space expiring in the National Capital Region alone.

To take advantage of these opportunities GSA begins working with Federal agencies as early as 36 months prior to lease expiration. This long-term planning allows for the development of lease procurements which promote market competition through expanded delineated areas. Additionally, GSA works to negotiate favorable longer term leases with property owners and, wherever possible, convert leased space to Federal ownership.

For example, a lease contract to house the Federal Energy Regulatory Commission permits the Federal Government to exercise a favorable purchase option at the end of the lease term in 2025. Upon expiration, GSA will have the opportunity to buy the building for \$20 million. This purchase price is far less than comparable market rates for commercial buildings in Washington, D.C. and allows the government to avoid renewing a costly lease.

“Making It Easier”

Knowing the critical role competition plays in safeguarding taxpayer money, FAS’s MASprogram has created tools to encourage competition at the contract level through the Making It Easier (MIE) initiative. MIE tools such as the RoadMap help businesses new to selling to the government navigate the on-boarding process by providing a step-by-step streamlined guide to potential MAS applicants.

Another MIE tool is the FAST Lane program which ensures our federal partners have quicker access to emerging technologies and innovative suppliers. With FAST Lane, businesses experience shorter processing times for IT Schedule 70 contract actions that directly support federal requirements, including less than 48 hours for contract modifications; and getting new offers on Schedule in as quickly as 45 days. Since April 2016, 285 companies have used this initiative to get on Schedule.

Finally, the Schedule 70 Startup Springboard has helped 32 innovative IT companies with fewer than two years of experience join Schedule 70. With the goal of getting the latest innovative technologies into the hands of federal agencies faster by getting emerging technology companies onto Schedule 70, the government’s largest IT contract vehicle, Startup SpringBoard makes it easier for qualified companies to get access to over \$15 Billion in annual federal, state, and local IT opportunities. In addition, it establishes a pathway for all highly qualified IT companies to join Schedule 70 and give more small businesses access to these opportunities.

Enterprise Infrastructure Solutions

In an effort to improve government telecommunications and information technology infrastructure systems, GSA has been focused on transitioning from the Networx Universal and Enterprise contracts - as well as Regional Local Service Agreements for these services - to the Enterprise Infrastructure Solutions (EIS) contract. By consolidating 93 separate contracts into a single contract with a 15-year period of performance, GSA has sought to reduce duplication,

increase certainty and reliability, and more closely align services and solutions to industry standards. By enhancing acquisition efficiency, delivering better value and savings, and leading with innovation, EIS is a comprehensive solution-based vehicle that addresses all aspects of agencies' telecommunications and IT infrastructure requirements.

Category Management

Category management is another mechanism GSA is using to encourage competition government-wide. Leveraging category expertise streamlines the buying process, provides access to competitive pricing as well as quality products and services, and minimizes the time needed to make buying decisions for government. For businesses, category management increases opportunities for businesses by facilitating a level playing field, increasing transparency, and cultivating a well-informed government buyer.

An example of category management principles in action to increase competition is demonstrated by recent work from the Facilities & Construction (F&C) category. The MAS program is a set of pre-negotiated contracts other federal agencies can utilize. Schedule 03FAC, managed by the Facilities and Construction category, provides agencies a suite of facilities maintenance services. Conversations between the 03FAC team and the Department of Veterans Affairs (VA) revealed that the pool of Schedule 03FAC industry partners was insufficient to serve the VA's facilities maintenance needs. Currently, only 70 VA-verified service-disabled veteran-owned small businesses (SDVOSB) and veteran-owned small business (VOSB)-identified companies are on Schedule 03FAC – clearly, not enough to cover 3,500 VA facilities.

To increase the pool of available 03FAC suppliers, the F&C category began a concentrated recruitment process for verified companies, resulting in identifying 1,000+ experienced companies that could be SDVOSB and VOSB industry partners. More than 100 of those companies have expressed interest to date – potentially doubling the number of VA-verified companies capable of meeting the VA's facilities maintenance needs via 03FAC.

Modernizing Government Technology

Finally, Congress provided GSA and other federal agencies with two critical tools late last year when it passed the Modernizing Government Technology, or MGT, Act. I would like to thank members from this subcommittee and the entire House Committee on Oversight and Government Reform for their persistence in getting this legislation across the finish line.

Central to our efforts to modernize the federal government's information technology, the MGT Act's Technology Modernization Fund (TMF) is poised to play a leading role in getting better value for taxpayer dollars. The TMF will be administered by GSA in accordance with OMB guidance and with input from a Technology Modernization Board, to fund "technology-related activities, to improve information technology, [and] to enhance cybersecurity across the Federal Government."

The TMF makes federal agencies contemplate their IT needs in a comprehensive manner and put forward proposals for critical upgrades and optimization efforts that will modernize systems and processes. The Board will review project submissions from all agencies and select those with the most promise to transform and innovate. The TMF will challenge agencies to be bold and think strategically when it comes to IT modernization, and it will help alleviate the drain of bureaucracy, redundancy, and waste that plagues Federal IT. Furthermore, agencies can team up to submit proposals that can be implemented at multiple departments, and that have the potential to inform efforts at even more agencies down the line. GSA is hopeful that Congress will fund this critical provision, and the President has requested \$210m in his FY2019 budget request specifically for this purpose.

Additionally, the MGT Act affords agencies the opportunity to operate their own IT Working Capital Funds. These funds can be used, subject to an agency's transfer authorities, to improve or replace existing IT systems, convert legacy systems to cloud computing, and generally improve and enhance cybersecurity.

Transparency

My fourth principle is transparency. Transparency helps expose flaws so we can correct them earlier, it instills confidence and trust in our workforce and among our partners - including other federal agencies - and it can lead to better competition, more informed policy, and stronger accountability.

FRPP Public Data Set

The Federal Government owns hundreds of thousands of assets costing millions of dollars in annual operational costs throughout the United States. To better track these assets, GSA has developed new data analytic tools, allowing agencies to identify and prioritize efficiency opportunities. These tools enable agencies to use their data to calculate performance metrics, assess progress, and manage their disposal programs.

This past December, in accordance with FASTA, GSA released the Federal Real Property Profile (FRPP) public data set, which contains detailed information on more than 300,000 federal assets. Making data on the federal government's real property inventory available to the public and industry stakeholders will help reduce costs, increase utilization, improve the accuracy of the federal government's data and incentivize federal agencies to achieve great efficiency in their real property inventories.

SmartPay

Enabling agencies, through government-credit card transaction reporting tools, to have insight into the details of agency spending is indispensable for prudent fiscal stewardship of government funds. Currently, GSA is leading and supporting more than 560 participating

agencies and organizations across government in preparing for the next generation GSA SmartPay 3 (SP3) awarded in August 2017. This contract is the follow-on to the highly successful GSA SmartPay 2 program. Beginning in winter 2018, SP3 will continue to provide a comprehensive suite of data transparency capabilities in balance with participating agencies' mission and security needs.

For example, total agency transaction and spend data from FY 2009 through the most recent prior quarter is posted on the GSA SmartPay program website (smartpay.gsa.gov). Furthermore, the program's contractor banks are required to provide Electronic Access Systems (EASs) to participating agencies, providing them access to over 50 standard reports as well as capabilities to obtain ad hoc queries of their charge card data. Lastly, consistent with the requirements contained in Title XVIII of the FY18 National Defense Authorization Act (P.L. 115-91), GSA is meeting regularly with participating agencies to discuss card spending trends, address emphasis areas for card oversight and monitoring, as well as industry fraud trends. In FY 2017, a total of \$28.6 billion was spent through the GSA SmartPay program's purchase, travel, fleet, and other payment solutions.

SAM/IAE

Ensuring transparency for those seeking to do business with or seeking grants from the government is also a priority. Managed by GSA, the Integrated Award Environment (IAE) serves as the central repository of registered entities interested in federal awards, it has been the single location for over 200 data points on all federal contracts for more than 40 years, it serves as the authoritative source for contract award data, including contractor performance which is crucial in helping contracting professionals make informed source selection decisions, and ensures the integrity of the contract awards process by disclosing criminal violations, suspensions, and debarments.

SAM.gov, the public facing component of IAE, is undergoing a modernization to further transparency. The modernization involves improving integration by consolidating the data from the ten IAE systems into a single system; providing a central entry point for people who make, receive, and manage federal awards. When the modernization is complete, all data will be accessible in a single web application, enabling greater visibility across the federal award process, and providing opportunities for improved business intelligence and analytics.

The modernization is also improving usability. Existing now in the beta site, single sign-on means that only one account is needed, in contrast to the 10 separate accounts required before the modernization effort. Improved search is another outcome of the modernization. The new simple unified search across all datasets improves accuracy and display (e.g. ability to quickly find total award information for a particular opportunity that previously required users to click through each award notice and manually calculate the award total). Another feature is a central entry point where users can submit and manage their work. Single entry point reduces burden by eliminating the need to visit multiple federal sites to complete work for both government and

industry (e.g. submitting registration in SAM, finding opportunities in FBO, subcontracting in eSRS, and reviewing past performance in CPARs).

Stakeholder Engagement

Providing forums for public discussion of and input on GSA initiatives and services is an important aspect of GSA's transparency efforts. For example, to ensure user needs and expectations are met throughout the SAM modernization effort, the SAM/IAE program has held focus groups with over 500 federal and industry users, hosted 16 Industry Days, conducted alpha testing with over 200 agency participants, and publicly launched beta.SAM.gov in fall 2017 with a user feedback tool that captured suggestions to improve the user experience. Outreach efforts will continue throughout the SAM modernization.

Additionally, GSA held its first listening session to gather feedback about the implementation of the e-commerce platform included in the FY 2018 NDAA last month. This meeting is one of a series of planned outreach efforts to gather feedback from the community of acquisition professionals and industry. Knowing the ideas and concerns of our stakeholders will help inform the path of this undertaking. Having an open dialogue with the public and members of industry to understand and better align our systems and processes with the communities that engage with GSA underlies our transparency efforts. GSA is preparing to present its initial implementation plan to the relevant committees in the next 30 days, and we appreciate the guidance and input you have given the agency as we seek to construct the most effective, efficient, and responsive solution that improve the federal procurement process.

Conclusion

It is my hope that my testimony today has left you with a clear understanding of the conviction that Dan, Alan, and I bring to our roles at GSA. We are ever mindful of the trust that has been placed in us, and the utmost importance of being responsible stewards of the taxpayers' dollars. Moving forward, we are excited to work with this Congress, other federal agencies, our Inspector General, and our private sector partners to make government more efficient, more effective, and more responsive for the American people. Thank you for the opportunity to be here today; we look forward to answering any questions you may have.