April 25, 2024

The Honorable Chris Van Hollen
Chair
Subcommittee on Financial Services and General Government
Senate Committee on Appropriations
Washington, DC 20510

The Honorable Bill Hagerty
Ranking Member
Subcommittee on Financial Services and General Government
Senate Committee on Appropriations
Washington, DC 20510

The Honorable Dave Joyce
Chairman
Subcommittee on Financial Services and General Government
House Committee on Appropriations
Washington, DC 20515

The Honorable Steny Hoyer
Ranking Member
Subcommittee on Financial Services and General Government
House Committee on Appropriations
Washington, DC 20515

Chair Van Hollen, Chairman Joyce, Ranking Member Hagerty, and Ranking Member Hoyer:

We are writing today to support reforms to enable full and appropriate access to the General Services Administration's (GSA) Federal Buildings Fund (FBF) and support appropriations language requested by GSA for this purpose in FY24 and again in FY25.

The FBF, established under section 210(f) of the Federal Property and Administrative Services Act of 1949, as amended (40 USC. 592), consists of payment from tenant agencies into the Fund. The revenues and collections deposited are made available for necessary expenses of real property management and related activities, such as operations and maintenance, leasing privately owned buildings, restoring leased premises, moving government agencies, acquiring buildings, demolishing existing property, converting and extending Federally-owned buildings, construction of new buildings, and paying obligations for Federal buildings acquired.

Because FBF receipts are treated as general treasury funds per statute, Congress, via the appropriations process, can transfer money out of the Fund and deposit miscellaneous receipts in the Treasury. Originally, this was to prevent the accumulation of excess surpluses; however, nearly $12.9 billion of GSA receipts over the past decade have not been available for the purposes for which they were collected from agency tenants. The FBF has, therefore, been unable to maintain and improve buildings responsibly, leading to deteriorating buildings that have rapidly escalating fire and life safety liabilities and do not meet customer agency mission and security requirements. When the GSA cannot provide suitable space from within its Federal-owned inventory for Federal agencies, it must procure leased space, which increases long-term Federal costs, particularly while GSA is currently focused on right-sizing Federal real estate to drive efficiencies and savings throughout its portfolio.

Further, FBF decrements have decreased the ability for GSA to provide energy efficient, cost-effective buildings, since decremented annual receipts have unequally impacted renovation accounts. As a result of this chronic underfunding, total deferred maintenance for GSA's federally owned facilities has increased by 48% in the last year and, at the end of FY 2023, stood at $4.6 billion. Without investment, federally owned facilities are less attractive to tenant agencies that instead lease office space from the private sector, leaving unused Federal facilities. Ensuring renovation of these spaces alongside regular maintenance and repairs will allow the Federal Government to consolidate into owned buildings, thereby reducing overall costs to the government and American taxpayers, increasing the energy efficiency and sustainability of federal buildings while consolidating space.

The amount of net budget authority and funding directed with this proposed change (approximately $500 million - $1.3 billion per year) will attract and lead to more leverage of private sector third-party investments in Federal buildings (i.e., energy savings performance contracts – ESPCs). More robust utilization of public-private partnerships in large-scale renovations will allow the Federal government to acquire cutting-edge and climate-friendly building technologies to ensure agencies have access to state-of-the-art Federal buildings while still consolidating the overall Federal footprint (in terms of wasted space and utility spend in old inefficient buildings).

The requested language would ensure that receipts to the Federal Buildings Fund are being handled in accordance with Congress' fiduciary duty to the American people and clarify a straightforward process for obligating these funds in the future. We urge Congress to include such language in the FY2025 Financial Services and General Government appropriations bill.

Sincerely,

Alliance to Save Energy (ASE)
American Council for an Energy-Efficient Economy (ACEEE)
ASHRAE
California Efficiency + Demand Management Council (CEDMC)
Federal Performance Contracting Coalition (FPCC)
Institute for Market Transformation (IMT)
National Association of Energy Service Companies (NAESCO)
National Association of State Energy Officials (NASEO)
Northeast Energy Efficiency and Electrification Council (NEEEC)
U.S. Green Building Council (USGBC)