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Chairman Crenshaw, Ranking Member Serrano and Members of the Subcommittee: My name is Dan Tangherlini and I am the Acting Administrator of the General Services Administration (GSA). Thank you for inviting me to appear before you today.

The scope and breadth of GSA responsibilities are both wide-ranging and essential to the federal government. With over 12,500 employees across 11 regions, the mission of GSA is to deliver the best value in real estate, acquisition, and technology services to the government and the American people.

As the landlord and caretaker for federal properties, GSA owns or leases 9,624 assets, maintains an inventory of more than 370 million rentable square feet of workspace, and preserves more than 481 historic properties.

GSA has an annual business volume of over $60 billion, manages over 200,000 fleet vehicles, assists tens of thousands federal travelers through GSA's electronic travel system, and serves as the focal point for data, information and services offered by the federal government to its citizens.

Reforming GSA

GSA has made some well-publicized mistakes and we have revised our internal policies and increased oversight to ensure that they do not happen again. I initiated an agency-wide Top to Bottom review to examine every aspect of GSA's internal operations and spending practices, and assessed the agency's effectiveness in fulfilling its mission. During this process we held dozens of meetings with employees and senior agency officials to examine the underlying root causes that led to the 2010 Western Regions Conference. We conducted in-depth interviews with our customer agencies to assess the quality of our service delivery and listen to their needs. We also spoke with leading executives in real estate, procurement and government transformation, such as Blackstone, Deloitte, and Hewlett-Packard, to identify common-sense best practices from the private sector that can help improve GSA's operations.

As a result, we have implemented a number of reforms to prevent the waste of taxpayer dollars, increase accountability and make GSA a more efficient organization. We have reduced spending on printing, travel and IT devices and ended FY 2012 43 percent below the 2010 baseline for printing, travel, and IT devices. In travel alone, we saved $28 million dollars by

revising our internal travel and conference policies. Last fiscal year we reduced bonuses by 64 percent. I asked GSA employees for suggestions on how we can be more efficient in the "Great Ideas Hunt." Their ideas will generate another $5 million in savings.

Clearing up our structure to improve oversight and accountability

The Top to Bottom review also revealed larger structural problems within the organization. The decentralized structure of GSA created a lack of coordination, duplicative investments and variable performance.   To address these issues, we are consolidating key support functions to eliminate redundancies, increase agency efficiencies and allow our major business units to focus on core missions.

The consolidation process began last April, when I directed the PBS Chief Financial Officer to report to GSA's Chief Financial Officer. We are also bringing all information technology personnel, budgets, and systems under the authority of the Chief Information Officer. The result will be a technology office that has the ability to directly provide all IT services across the entire agency and ensure that future technology investments are reviewed on an enterprise-wide basis.

Other functions undergoing consolidation include human resources, administrative services, emergency response, small business outreach, and congressional affairs. The efficiencies generated through these consolidations will free up resources we can invest in improved delivery of our core mission-focused services.

Helping agencies focus on the core mission

With budgets tightening across the federal government, GSA is in a unique position to help agencies save money on a wide range of support activities so they can focus on their core mission.

1) *Real Estate Expertise*

GSA has expertise to help agencies in every stage of the real estate process: acquisition, operations, and disposal.

Through economies of scale, GSA is able to negotiate rates in our leases below market. For example, in FY 2012, when we measured GSA leases against the market we were, on average, 11.5 percent below market rates. This resulted in a cost avoidance of $30 million for customer agencies, realized annually.

GSA also helps agencies operate space more efficiently, reducing energy usage and utility costs. GSA's Public Utilities program provides contracting vehicles that enable agencies to procure utility services at the lowest cost and the greatest value to the government. Our services cover the procurement of electricity, natural gas, water, and sewage services.

For agencies in GSA-owned space, we have also realized savings by installing Advanced Metering systems in federal buildings. For example, in the New England region, 26 buildings have systems monitoring electricity and water consumption, 11 buildings monitor natural gas, 5

monitor steam and 3 monitor oil. As a result, GSA buildings in the New England region will save $316,000 annually through reduced energy usage.

GSA works aggressively to maximize the utilization of our existing inventory. Nationally, GSA's vacancy rate is 3.1 percent, far below the private sector average of 17.4 percent. If our vacancy rate was as high as the private sector, it would cost the taxpayers an additional $1 billion this year. GSA also works with agencies and the Office of Management and Budget to dispose of unneeded property. In FY 2012, GSA completed 126 disposal actions: 114 for customer agencies and 12 for properties in the PBS inventory. Proceeds from the sale of GSA properties totaled $12.7 million.

Additionally, through public private partnerships, GSA is seeking to leverage the expertise of the real estate industry to solicit ideas on how to make more efficient use of the government's assets while also disposing of excess properties. Two such projects are the potential for a new FBI Headquarters and the redevelopment of the Federal Triangle South area of Washington DC.

Further, GSA has positioned itself to be a real estate asset manager for customer agencies. In 2010, GSA initiated the Client Portfolio Planning (CPP) program as a means to proactively assist federal agency clients with analyzing and optimizing their existing portfolios, while systematically anticipating, capturing, and advising on future requirements. This CPP program develops for customer agencies near- and long-term strategies to achieve optimal portfolio performance.

GSA continues to work hand-in-hand with the Administration in the implementation of Administration initiatives such as the "Freeze the Footprint" policy. To ensure full implementation of the "Freeze the Footprint" policy GSA will consult with agencies on how they can use technology and space management to consolidate locations, increasing occupancy rates in facilities, with the goal of eliminating lease arrangements that are not cost or space effective.

2) *Leveraging the Government's buying power through Strategic Sourcing*

In addition to helping customer agencies save on space, GSA's strategic sourcing initiatives save agencies money by leveraging the buying power of the federal government. Strategic sourcing initiatives identify the top value vendors for common goods and services and provide improved management of agency purchases.

GSA is working with the Office of Management and Budget (OMB) and partner agencies to create 10 new government-wide strategic sourcing solutions over the next two years which will cover a range of commonly purchased products and services – such as cleaning products, tools, and wireless devices. These initiatives will be in addition to those already in place for office supplies, domestic package delivery, telecommunications expense management services, and print management. Strategic sourcing initiatives have already saved the government over $300 million.

3) *Reducing agency fleet and travel costs*

GSA provides a variety of tools and services to help agencies right-size fleets, improve fuel efficiency and reduce acquisition and maintenance costs.

GSA fleet leased vehicles are the least costly source of motor vehicles for the Federal government. By leasing through GSA, agencies save an average of nearly $2,000 per vehicle per year. When agencies purchase a vehicle, GSA provides an average savings of 17.6 percent below manufacturer invoice.

In air travel, GSA's Airline City Pair Program (CPP) is estimated to save the Federal government $5.9 billion on airline tickets compared to comparable commercial fares in fiscal year 2013. On lodging, GSA's FedRooms program provides federal travelers hotel rooms in over 13,000 locations at or below per diem rates. GSA's E-gov Travel Service (ETS) provides a comprehensive end-to-end solution for travel management and is estimated to save agencies $16 million per year. Finally, GSA has established the Government-wide Travel Advisory Group (GTAC), comprised of industry and government travel experts, to examine government-wide travel regulations and issue recommendations on how to increase travel efficiency and effectiveness, reduce costs, promote sustainability, and incorporate industry best practices.

4) Enhancing Government-Citizen Engagement

GSA also contributes to a more open, transparent and secure government by developing innovative solutions for federal agencies to save money and enhance citizen engagement.

The Federal Risk and Authorization Management Program (FedRAMP) provides a standardized approach to security assessment, authorization, and continuous monitoring for cloud products and services. GSA was the first government agency to move to cloud computing in June 2011, saving $4 million dollars to date and setting an example for others to follow.

Data.gov has developed 7 new communities than span multiple agencies data catalogs, and provided data services on to users in a way that provides a costs avoidance for agencies of $14.3 million.

Conclusion

In a time of increasing budgetary constraints, GSA's products and services help agencies save money, become more efficient, and focus on the core mission.

We know that every taxpayer dollar counts and we are committed to using it as efficiently as possible. We will continue to examine our processes and look for more innovative ways to provide greater value to the American people.

Our work is far from done. Your support is an essential step for continuing positive change and common sense reforms within GSA. I thank the committee for the opportunity to testify today and look forward to answering your questions.