Statement by
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Mr. Chairman and distinguished members of the Subcommittee, I appreciate the opportunity to appear before you to discuss the issue of vacant and excess property and how it is addressed by the United States Department of Agriculture (USDA).

As the Subcommittee is aware, USDA provides a wide array of services to the public, including not only agricultural support activities, but also food safety inspections, implementation of conservation techniques on public and private lands, forest fire prevention and remediation, nutrition programs, rural economic development and community support loans and grants, trade facilitation, and research – to name a few of USDA's on-going activities. These programs and services are delivered through seven programmatic Mission Areas comprised of 17 agencies. These agencies and the Department's staff offices have a combined staff of nearly 100,000 full and part-time employees that live and work throughout the country to support USDA and its customers.

To facilitate the delivery of this myriad of programs and activities, the Department has an extensive field structure throughout the nation with locations in nearly every county. As of December 2015 the Department had over 42,000 buildings and structures, which includes offices, laboratories, bridges, warehouses, and an assortment of other types of facilities.

USDA occupies approximately 66.7 million square feet of owned, commercially-leased, and General Services Administration (GSA) assigned space and takes a very aggressive stance when it comes to the management of federal resources. Since 2010, the Department has saved nearly $300 million through improved management of buildings and facilities within the USDA portfolio. The avoided costs resulted from the cancellation of Agricultural Research Service construction projects as well as a Departmental strategic effort that disposed of or consolidated leases, locations, and underutilized properties, in order to reduce the Department's national footprint.

USDA reports a replacement value of $49 billion in real property assets, and the total operating and maintenance costs for USDA owned facilities is just over $600 million, including buildings and structures. Operations and maintenance costs are down over 1.86 percent (or $21.4 million in current dollars) since 2012. This reduction resulted from USDA's efforts to freeze and reduce its real property footprint. The USDA has made responsible management of its real property footprint a priority.

Across government, excess property is defined as those buildings or structures under an agency's control that have been deemed no longer required to meet the agency's needs or responsibilities. Many of the properties that USDA has designated as excess are specific to the Department's mission, located in remote locations, or situated on Federal land, creating difficulty when it comes to disposal. Furthermore, many facilities deemed excess by the Department are situated on lands that pose certain environmental challenges with regard to transferring ownership to other agencies or the private sector. Between USDA's former laboratories and scientific research facilities and the numerous former Department of Defense locations now located on Forest Service lands, USDA must often conduct hazardous materials assessments and remediation activities prior to disposing of its facilities. There is often substantial cost with environmental clean-up actions, and USDA faces the burden of paying for the clean-up, an excess cost from current budgets.

USDA also faces challenges in managing agency-owned properties that are similar to many other agencies across Government in prioritizing resources, properly disposing of excess properties, and maintaining the safety and security of all property within the Department's portfolio. The Henry A. Wallace Beltsville Agricultural Research Center (BARC) is a prime example of the complexities associated with maintaining Federal property. Located in Maryland, just outside of Washington, D.C., BARC is the home of ongoing agricultural research activities that support USDA's mission. In addition to the plots of land dedicated to growing and studying crops, the BARC facility also includes 622 buildings and structures that house or formerly housed laboratories and other research facilities. The continued maintenance and upkeep of these buildings and structures has proven to be challenging because operating costs continue to increase as the buildings age. Given the increasing maintenance costs and the limited Federal resources available to maintain BARC, the Department is faced with the challenge of having 168 buildings and structures at BARC that are no longer needed and yet cannot currently be disposed. It should be noted that since Fiscal Year 1988, the Department has operated with particular restrictions governing the disposal of facilities at BARC that require Congressional approval to proceed.

Many of the Department's excess facilities face the same complexities as the BARC complex. Not only are there limited resources to maintain facilities, but other costs factor into the Department's ability to dispose of excess property. Such costs include environmental remediation, which can cost almost $20 million per facility location prior to disposal occurring. The estimated cost for total remediation needs at BARC is $19 million.

Such costs are further compounded because the Department, apart from the Forest Service, lacks legislative authority to retain the proceeds from the sale of excess real property. As a result, any costs incurred from preparing property for disposal will be paid by the program agencies of the Department without an ability to capture possible proceeds from disposal to recover those up-front expenditures. Such costs, therefore, provide a disincentive in disposing of excess properties where the immediate costs outweigh the long-term benefits realized by USDA.

Lastly, there is limited interest and commercial value for many of USDA's excess properties due to the location of these facilities. Many of these properties are in remote locations with little or no easy public access or may be situated on Federal lands, requiring the re-location of structures off those lands as a disposal contingency. Closure of USDA county offices also require Congressional approval to proceed. Collectively, these factors make disposal of excess property challenging.

USDA takes the management of its real property portfolio very seriously. Under the leadership of Secretary Vilsack, the Department has sought to decrease the USDA footprint. USDA will continue to decrease its footprint through its commitment to making a yearly 1% reduction in each major building category, including administrative buildings, warehouse space, and other property. USDA will also continue to work with GSA and other partners to find the best and most fiscally-responsible ways to dispose of excess property under USDA's control. Additionally, we are working with GSA and the Postal Service to identify inter-Departmental collocation opportunities and other options to efficiently manage the real estate portfolio.

As part of its proactive strategy, the Department is seeking options for maintaining and modernizing facilities to prevent those facilities from becoming underutilized, ineffective, or unsafe. For instance, the Department is exploring options for modernizing its Headquarters complex to reduce its overall footprint, thereby reducing the Department's operating costs.

In addition, under the guidance of OMB, the Department's partnership with GSA has resulted in more strategic use of space across the nation. Although the Department does maintain a large footprint all across rural America, USDA is seeking opportunities to be good stewards of Federal resources. I look forward to discussing with you today the numerous accomplishments of the Department, and to identifying opportunities where the Department can partner with Congress to find additional improvements.

Thank you again for this opportunity to discuss USDA's successes in managing its real property assets. I am prepared to answer your questions.