U.S. House of Representatives
Committee on Transportation and Infrastructure
Washington, DC 20515

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Dr. Douglas W. Elmendorf
Director
Congressional Budget Office
Ford House Office Building, 4th Floor
Second and D Streets, SW
Washington, DC 20515-6925

Dear Dr. Elmendorf:

I am writing to indicate the committee's strong disagreement with the Congressional Budget Office (CBO) cost estimate for H.R. 690 and the assumptions made by CBO in scoring this legislation. The cost estimate is based entirely on the incorrect assumption the General Services Administration (GSA) would construct a new 650,000 square foot headquarters capable of housing over 2,000 personnel. H.R. 690, in fact, simply requires GSA to relocate 450 federal employees, who now occupy 160,000 usable square feet in the nearly 80-year-old Apex building. The legislation quite specifically enumerates viable GSA-owned locations in which to house these employees and in no way authorizes a new facility.

The major cost CBO identifies in its estimate is $300 million for the construction of a new consolidated FTC headquarters building, which is in fact not authorized, required or permitted by H.R. 690. Your CBO estimate reads as though H.R. 690 actually authorizes new construction and that, if H.R. 690 passed, the only requirement for GSA would then be to secure funding. Quite specifically, the bill requires relocation to existing government-owned space. While previous drafts of H.R. 690 did include an authorization for new FTC space, H.R. 690 does not. And, absent specific authorization, GSA would have no legal authority, even with funding, to construct, purchase or lease new space for the FTC or any other agency.

While the CBO may employ certain cost estimating and accounting rules that may not fully capture all the savings H.R. 690 would generate, that does not explain the costs CBO associates with implementing H.R. 690. CBO appears to totally base its conclusion on a number of incorrect assumptions that, from the committee's experience overseeing federal buildings are very unlikely to occur. CBO assumes that out of the 63 million square feet of government-owned space in D.C. there is none available to house 450 FTC employees.[1] CBO then concludes GSA would acquire new space for the FTC. CBO then goes further and assumes, if GSA acquires new FTC space, GSA would construct a brand new building large enough to house all of FTC's operations in D.C., not just those in the Apex building. This also assumes Congress would, in fact, pass authorization legislation providing GSA the legal authority to build a 650,000 square foot building. CBO makes all of these conclusions based on a bill that simply directs GSA to transfer the Apex building to the National Gallery of Art (NGA) and move 450 federal employees to other government-owned space.

CBO's conclusions also are inconsistent with its scoring of similar bills. For example, the Old Post Office Building Redevelopment Act of 2008 directed GSA to redevelop a building and gave GSA broad authority to provide replacement space for those federal tenants. GSA was provided broad authority to acquire, lease, or build new space. CBO only scored the moving costs in that bill. Another example was the bill creating a new DHS headquarters at the Nebraska Avenue Complex in D.C. That bill displaced over 1,000 naval personnel and explicitly provided for the construction of replacement space. CBO did not score the cost of replacement space for the Navy.

Unlike those bills, H.R. 690 specifically does not provide GSA with authority to obtain new space for the FTC. Again, in fact, GSA has no legal authority to procure new space without explicit authorization and H.R. 690 would require GSA move FTC into existing government-owned space.

And, while on the one hand, CBO makes all of these assumptions to assign a cost to H.R. 690, on the other hand, CBO does not identify savings for the avoided renovation costs of the nearly 80-year-old Apex building. The bill requires the NGA renovate the acquired space with private foundation resources saving GSA and taxpayers between $130 and $200 million dollars. It is more likely an aging building that has not had a recent overhaul will require renovations in the near future than it would be for Congress to authorize construction of a 650,000 square foot building for these purposes. Additionally, credit for decreasing NGA rental space and the projected costs of additional future NGA space requirements is not fully accounted for in the CBO calculation.

Based on the evaluation by CBO, the bill will be redrafted to further clarify that the construction of new space is not authorized. The committee looks forward to working with you and your staff in the future.

Sincerely,

John L. Mica
Chairman

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[1] In fact, CBO also assumes that if there is vacant or underutilized space that space already has some intended purpose and therefore is unavailable.