The Big Two of the GSA

Two entities—the Public Buildings Service and the Federal Acquisition Service—account for most of the work of the General Services Administration. Both the PBS and the FAS face a number of major management challenges.

The FAS

The basic promise of the GSA is simple: By buying in bulk, the Federal Acquisition Service can negotiate lower prices for office supplies and services and create efficiencies throughout the federal establishment.

The FAS manages purchasing for five major categories of goods and services:

- **Office services**: imaging and documents, financial and business services, advertising and marketing, furniture management, food services and hospitality, travel services, media services, sports programs, packaging and shipping, audio/video, staff development, and IT.
- **Office supplies**: office equipment, photo equipment, furniture, flooring, temporary assistance, office products, HR, and language services.
- **Maintenance**: facilities maintenance and management, and building materials.
- **Medical and health care**: lab testing, pharmaceuticals, medical equipment, dental equipment, X-ray equipment, patient mobility devices, in-vitro diagnostics, scientific equipment, and clinical analysis.
- **Operations**: worldwide logistics, environmental services, auto superstore, and vehicle leasing.

Critics say the FAS’s role as an intermediary actually increases the costs of buying and leasing property and products. In 1992 a GAO study found that the GSA could save as much as $107 million per year (in addition to a one time saving about $240 million) if private suppliers shipped their goods directly to agencies rather than using the GSA as an intermediary. The processing costs of the GSA are three times as those of private companies, the 1992 report concluded.

Since the Clinton Administration, private retailers have been allowed to provide services from paper to copying machines. This competitive marketplace, GSA officials say, has improved both prices and services.

The PBS

From its earliest days, the GSA has debated whether to own or rent properties. The Government Accountability Office, the government’s watchdog, has criticized the GSA for renting buildings for decades at a time. Long-term leases, the GAO has found, cost more than outright ownership. Kurt Stout, a realtor at Collier International, explains the tradeoff: “It’s kind of like buying a car. Over time, the annual cost of repairs and
maintenance and upgrades to a space, and even things like furniture and telecom, far outweigh the actual cost of the real estate itself.”

Consider one example. In 1993, for example, the GSA leased Columbia Plaza in Washington for the State Department. When it spent $30.6 million on renovations and improvements, the GSA obtained the option to buy the property. By the time the GSA bought the property in 2012, it had spent $258 million for leasing and renovation costs; if it had bought the property in the early 1990s, that cost would have been closer to $100 million.

The GSA has long struggled to dispose of excess properties. A White House map in 2012 identified 14,000 excess buildings, which cost $190 million a year to maintain. But that list includes only buildings whose status the government has decided. The government owns thousands of other structures that have not been classified, as well as thousands more underused buildings. Representative John Mica, a Florida Republican, estimates that 77,000 government buildings are either “vacant or underutilized.” Mica pegs the cost of these assets in the billions.

To hold down costs, the GSA has made a concerted effort in recent years to shift from long-term leases to ownership and to use its space more intensively. It’s not easy, though. Unlike private real-estate firms, which finance construction and acquisition over decades, federal real-estate operations operate on a year-by-year, pay-as-you-go basis. The GSA must seek funding for building projects from Congress.

The GSA and the PBS, then, face a Catch 22. On the one hand, the PBS should house agencies in government-owned properties as much as possible—not just to save money over the long term, but also to promote public interests such as revitalization of downtowns. On the other hand, financing public buildings poses an arduous challenge—not just because of the limitations of year-by-year funding, but also because of the political interests that swarm around major projects. To make the issue even more complex, while some critics push the PBS to build more, other critics press for the PBS to sell underused properties.

The PBS also faces criticism for the quality of its architecture and construction. For most of the GSA’s history, federal buildings have been dull, flat, cookie-cutter structures that are often poorly maintained. The critic Ada Louise Huxtable’s 1968 jeremiad could apply to almost any period in the GSA’s history:

The single objective of GSA’s huge design and building program is quite clear. It is to get the most square feet for the money appropriated. … Any architect dealing with the GSA soon learns the way he must work. … [O]ut of the warehouse and order books come the stultifying, preordained fittings, selected and specified, again, for economy and efficiency, that include some of the most banal and hideous artifacts known to man.
Occasionally, influential leaders—like John Kennedy and Daniel Patrick Moynihan in the 1980s—have pressed for more aesthetic and civic design. In 1962 President Kennedy authorized the “Guiding Principles for Federal Architecture,” which sought to raise design standards above the standard “government-issue” designs. Moynihan, the author of the report, promoted the cause throughout his long career in the Senate.

The debate over architecture reflects a larger debate about the proper role of the GSA and government. On one side are advocates of fiscal stringency, who say the GSA should minimize costs at all times. On the other side are those who believe that the federal government can exert positive influence by investing in high-quality, cutting-edge buildings and materials.