# GENERAL SERVICES ADMINISTRATION'S ECONOMIC RECOVERY ROLE: JOB CREATION, REPAIR, AND ENERGY EFFICIENCY IN FEDERAL BUILDINGS AND ACCOUNTABILITY

**(111–7)**

## HEARING

BEFORE THE

SUBCOMMITTEE ON
ECONOMIC DEVELOPMENT, PUBLIC BUILDINGS, AND EMERGENCY MANAGEMENT

OF THE

COMMITTEE ON
TRANSPORTATION AND INFRASTRUCTURE
HOUSE OF REPRESENTATIVES

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# U.S. House of Representatives
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February 10, 2009

**SUMMARY OF SUBJECT MATTER**

**TO:** Members of the Subcommittee on Economic Development, Public Buildings and Emergency Management

**FROM:** Subcommittee Economic Development, Public Buildings, and Emergency Management Staff

**SUBJECT:** Hearing on "GSA's Economic Recovery Role: Job Creation, Repair and Energy Efficiency in Federal Buildings and Accountability.

### PURPOSE OF HEARING

On Wednesday, February 11, 2009, at 9:00 a.m., in room 2167 Rayburn House Office Building, the Subcommittee on Economic Development, Public Buildings, and Emergency Management will hold a hearing to examine how infrastructure investment contributes to job creation and economic recovery. The hearing will address infrastructure investment in Federal buildings with an emphasis on repair and alteration and energy efficiency and conservation.

### BACKGROUND

Adequate investment in public infrastructure is critical to our nation's economic growth, our competitiveness in the world marketplace, and the quality of life in our communities. Despite the importance of these investments, many of our nation's infrastructure needs are going unmet.

The construction sector has been particularly hard-hit. According to the Bureau of Labor Statistics ("BLS"), as of January 2009, there are 1,744,000 unemployed construction workers in the nation, and the unemployment rate in construction is 18.2 percent – the highest unemployment rate of any industrial sector. In addition, the construction market is shrinking dramatically. The construction market is experiencing the biggest sustained decline in construction in at least four decades.

**General Services Administration Economic Recovery and Reinvestment Projects**

According to the General Services Administration ("GSA"), if additional Federal funds were made available, the types of projects that would be ready to go include major repair and alteration projects to modernize and upgrade aging Federal buildings nationwide and construction of border stations at both the northern and southern borders of the United States. These projects include critical energy conservation and efficiency initiatives; mechanical, electrical, and plumbing upgrades; and life safety and security projects. The projects do not include funds for interior finishes, interior upgrades, or furniture.

Investments in energy conservation and efficiency projects in Federal buildings will significantly lower Federal consumption of electricity. These investments, which will be made on a nationwide basis, will include investments in:

- solar roof installation;
- solar panel installation;
- electrical systems upgrades for lighting systems;
- building control systems replacement or upgrade;
- advanced metering;
- green roofs;
- co-generation;
- mechanical upgrades for more energy efficient escalators and elevators;
- HVAC systems replacement and upgrades;
- sprinkler systems;
- plumbing upgrades and replacement;
- door replacement;
- window replacement; and
- exterior envelope retrofits.

GSA will focus on the efficiencies of solar energy, in particular solar panels and solar roof installations. Testimony at the January 22, 2009 Committee on Transportation and Infrastructure hearing, entitled "Infrastructure Investment: Ensuring an Effective Economic Recovery Package", highlighted the attractiveness of solar investment. According to one witness, "production and installation of solar energy systems creates more high-quality jobs than investment in any other energy technology… ten megawatts of PV capacity creates as many as 140 manufacturing jobs, 100 installation jobs, and 3 on going operations and maintenance jobs are created with each installation of ten megawatt photovoltaic capacity."[1]

In addition to improving energy efficiency and promoting alternative or renewable energy technologies, these projects will also produce a positive return on investment by reducing operating costs and energy consumption. According to GSA, for every $1 million invested in federal construction, an additional $4.3 million is generated in the local economy. GSA ready-to-go projects include land ports of entry, Federal buildings, and courthouses. According to GSA, an example of a ready-to-go project with a significant energy component is the Internal Revenue Service project in Massachusetts. This project will incorporate advantages of site location and building characteristics

[1] Testimony of Nancy Bacon, Senior Advisor, United Solar Ovonic & Energy Conversion Devices.

to install solar roof technology, which will reduce the heating and cooling loads, and will provide electricity for building operations. Similarly, the Portland, Oregon Federal building project involves removing the exterior precast cladding and replacing it with new energy efficient window walls. The retrofitted building will provide approximately 13,000 additional square feet and be more energy efficient.

According to GSA, ready-to-go land ports of entry include border stations on the northern and southern borders at 61 sites in Maine, Vermont, New York, Minnesota, Michigan, North Dakota, Idaho, Washington, Texas, New Mexico, Arizona, and California. Border stations cover the 5,000 miles of border with Canada, and the 1,900 miles along the southern border with Mexico. These stations process passengers, pedestrians, vehicles, trucks, railcars, and sea containers.

**Transparency and Accountability**

H.R. 1, the "American Recovery and Reinvestment Act of 2009", contains transparency and accountability provisions applicable to all funds in the Act. Section 1201 of the House-passed bill establishes transparency requirements that would apply to all funds made available in the Act. Under this provision, each Federal agency shall publish on the website, Recovery.gov (to be established and maintained by the Recovery Act Accountability and Transparency Board), a plan for using funds made available in the Act to the agency. The Federal agency must also publish on the website all announcements for grant competitions, allocations of formula grants, and awards of competitive grants using those funds.

In addition, for funds made available under the Act for infrastructure investments to Federal, State, or local government agencies, each such agency must notify the public of funds obligated to particular infrastructure investments by posting notification on this website. Such notification must include a description of the infrastructure investment funded, the purpose of the investment, and the total cost of the investment.

Section 1226 of the bill establishes minimum requirements for what information shall be posted on Recovery.gov, including the requirement that the website include notification of solicitations for contracts to be awarded, and printable reports on funds made available in the Act obligated by month to each State and congressional district.

**Funding Levels**

H.R. 1 as passed by the House provides $7.7 billion for GSA's Federal Buildings Fund, including not more than $1 billion for construction, repair and alteration of border facilities and land ports of entry, and not less than $6 billion for construction, repair and alteration of Federal buildings for projects that will create the greatest impact on energy efficiency and conservation.

The Senate amendment to H.R. 1 provides $5.548 billion for GSA's Federal Buildings Fund, of which $1.4 billion is for Federal buildings and U.S. courthouses, $1.2 billion is for border stations, $2.5 billion is for measures necessary to convert GSA facilities to High-Performance Green Buildings, and $448 million is for the development and construction of the Department of Homeland Security headquarters.

# HEARING ON GSA'S ECONOMIC RECOVERY ROLE: JOB CREATION, REPAIR, AND ENERGY EFFICIENCY IN FEDERAL BUILDINGS AND ACCOUNTABILITY

**Wednesday, February 11, 2009**

HOUSE OF REPRESENTATIVES
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE,
SUBCOMMITTEE ON ECONOMIC DEVELOPMENT, PUBLIC BUILDINGS, AND EMERGENCY MANAGEMENT,
*Washington, DC.*

The Subcommittee met, pursuant to call, at 9:00 a.m., in Room 2167, Rayburn House Office Building, the Honorable Eleanor Holmes Norton [Chair of the Subcommittee] presiding.

Ms. NORTON. The Subcommittee will come to order. Good morning, and I appreciate you being here this morning for one of the most important hearings we will hold this session, involving the General Services Administration and the stimulus package.

The GSA provision for energy efficiency repairs and construction of Federal buildings in the American Recovery and Reinvestment Act, H.R. 1, is a classic example of stimulus spending by Government that has the best proven record for meeting three stimulus tests simultaneously: to provide jobs, to stimulate the economy broadly, and to meet the existing responsibilities of Government for infrastructure. This job creation bill will revive the construction sector of our economy, and the infrastructure jobs created in turn will feed and help revive other sectors down the line.

Moreover, unlike the other necessary work funded in this bill, which is largely delegated to States and localities, the GSA section provides funds for Federal facilities for which the Federal Government alone is both responsible and accountable. The GSA infrastructure provision provides funds from the Federal Government directly to a Federal agency, the GSA, for maintaining and upgrading essential Federal facilities of various kinds found in every State.

The House-passed version of H.R. 1 authorizes $7.7 billion for alterations and construction nationwide, guided by the goal that the funds and activities have the maximum effect on energy efficiency and conservation consistent with the funding provided. Border stations receive $1 billion with the same energy efficiency mandate, and the GSA Inspector General receives $15 million to participate in oversight, auditing, and reporting as required in the bill.

The Senate-amended version of the bill currently contains $5.5 billion—too little—in light of the job creation purpose of the bill

and the needs of the Federal Government the bill addresses. Of that amount, the Senate would dedicate $1.2 billion for construction and repair of border stations and $2.5 billion for what it calls measures necessary to convert GSA facilities to high-performance green buildings, as defined by the energy act that we passed last year. There is an amount identified in the Senate bill as $1.4 billion for Federal buildings and courthouses.

We are left to assume that the Senate version is guided by the President's stated energy efficiency goals for this section of the stimulus, but the energy efficiency requirement, as well as a mandate for energy savings and job creation, should be stated explicitly, as the House version does. The Senate language concerning measures—and that is its word—to assure high-performance green buildings needs to be tightened so that taxpayers are assured that funds will go directly to jobs and infrastructure, and not, for example, to spending on consultants or studies, which would undermine the purposes of the American Recovery and Reinvestment Act.

Notably, President Obama, in his many appearances concerning this bill, almost always mentions making Federal buildings energy efficient. In his first prime time press conference to the Nation as President, the President went out of his way to answer critics of funds for Federal buildings. He said, "When people suggest a waste of money to make Federal buildings more energy efficient, why would that be a waste of money? We are creating jobs immediately by retrofitting these buildings and we are saving taxpayers, when it comes to Federal buildings, potentially $2 billion. We are reducing our dependence on foreign oil in the Mideast. Why wouldn't we want to make that kind of investment?"

It is understandable why President Obama focuses on energy savings. Otherwise, the Federal Government is directly responsible for wasting taxpayer funds on high-energy costs associated with lighting, heating, air conditioning, and other energy needs for Federal buildings that range from warehouses to office buildings. And the Federal Government is directly and needlessly subsidizing Mideast oil cartels with massive amounts of purchases every day that it delays the implementation of energy-efficient systems known to yield large energy savings in only a few years.

GSA's backlog of needs to repair and maintain its vast inventory has grown exponentially, and with it, needless spending created by inefficient energy sources. Our staff has worked closely with GSA to assure that its repair and rehabilitation projects in this bill can be implemented quickly, while providing many jobs, at a variety of skill levels, meeting the primary purpose of the bill to provide jobs which stimulate the economy. Among the jobs associated with GSA construction projects are plumbing, electrical, mechanical, carpentry, sheet metal work, and today a variety of green jobs at various skill levels.

I have an amendment in this bill for pre-apprenticeship and apprenticeship on-the-job training. This amendment is important because the Federal Government seized funding training programs 25 years ago for the construction trades and, therefore, bears significant responsibility for the profile of the construction sector, which is largely white and male. The modest trading funds in this amendment will allow minorities and women who have not been trained

in the skill trades in significant numbers—although many, of course, do qualify for these jobs—to get a foothold in the construction industry.

Ironically, the construction trades had experienced a shortage of skilled trades workers until this recession. My amendment will prevent antagonism and controversy between minorities and women on the one hand and the large number of unemployed construction workers on the other. The amendment is also necessary because Title VI of the 1964 Civil Rights Act bars the use of Federal funds for jobs and contracts that may involve discrimination against minorities and women.

The GSA provisions of the House bill require that each project contain a significant energy component and will help put the Federal Government, with its large procurement possibilities, in a leadership position for energy-efficient buildings, allowing the taxpayers to receive the awards of lower energy costs as well. Our focus on the repair and authorization of existing Federal buildings can also preserve the valuable federally-owned inventory for occupancy and other vital needs.

Repairing valuable Federal real estate, in time, will reduce GSA's growing dependence on leasing that is a direct result of the neglect and deterioration of its owned inventory. Leasing, instead of ownership, leads to depletion of the Federal Building Fund, the source of funding for repair and alteration. Thus, the repair of the Nation's public buildings presents a unique opportunity to bolster the Federal Building Fund, which in turn provides funds for the maintenance, repair, and preservation of these same Federal buildings in a revolving fund.

This Recovery Act will jump start an urgent round of energy-oriented repairs of valuable buildings, ensuring that they remain viable capital assets of the Federal Government. Today's hearing is as important as any concerning the funds in this comprehensive stimulus bill because, unlike other funds in the American Recovery and Reinvestment Act, GSA itself, the Federal Government itself, not the States, will be administering these funds.

Therefore, this Subcommittee intends to provide frequent, direct, and vigorous oversight of GSA's capital priorities and its methods for achieving them. GSA transparency in all its decision making will be mandatory, including the buildings it intends to repair, the nature of the alteration work, and the green building measures that the agency plans to implement.

We begin the necessary oversight today evaluating the rationale and details of the GSA portion of the bill. By the way we conduct our oversight, the American people will be able to judge for themselves whether Government resources are being used to achieve the explicit goals of the bill.

This morning we have invited not only GSA representatives responsible for carrying out the mandate of the American Recovery and Reinvestment Act, we have asked for a representative of an agency that will benefit to give us a real-time and accurate idea of what these funds can accomplish. In addition, we have invited a witness from outside the Government to help us reach for objective measures of best practices. We look forward to learning what needs

to be accomplished and how it will be done. We are grateful, very grateful, to all of today's witnesses for their testimony.

I am pleased to ask our new Ranking Member if he has any remarks.

Mr. DIAZ-BALART. Thank you, Madam Chairman. Let me first thank you for this very important hearing. I agree with you, it is a very important hearing. I also want to echo your words about our gratitude for the witnesses that are here.

You are all busy, so we appreciate your being here.

We must ensure that effective oversight is there to avoid wasteful spending, so I agree with the Chairwoman. We cannot afford another repeat of the TARP bailout fiasco that we have been hearing and reading about. In this case, Congress is proposing spending billions more and we have an obligation to ensure that those funds will be spent appropriately, and without waste and without problems.

Last month, the House passed the American Recovery and Reinvestment Act. Yesterday, we all know, the Senate passed out their version. Now, while the stated purpose of this legislation is to create jobs and to promote economic recovery, there are some real questions, frankly, as to whether the different proposals would, in reality, provide the taxpayer with the best return on their investment, the best bang for the buck.

Now, specifically, here we are focusing on GSA and the General Services Administration. The House-passed bill includes $7.7 billion for the Federal Building Fund. The Senate is now proposing $5.5 billion. That is in addition to the billions more that are going to the individual agencies for their capital projects, obviously.

Now, while the proposal provides some additional funding to the Inspector General and some transparency provisions, I clearly am very concerned still that the provisions wouldn't provide for meaningful congressional oversight of capital projects, and some of those things that we have been talking about are not included in this legislation.

Now, we know that at the Full Committee hearing we heard, Madam Chairwoman, last month regarding the stimulus project proposal that the GSO recommended three guiding principles for GSA projects, and they are the following: number one, to create well defined goals based on identified areas of interest; number two, to incorporate performance and accountability, performance and accountability into funding decisions; and, three, employ the best tools and approaches to emphasize return on investment.

None of these practical suggestions to help avoid wasteful spending of the taxpayers' dollars has been incorporated into the legislation, none of them. Instead, we have mechanisms that will only serve to highlight the problems after the money has already been obligated or spent. I repeat that, after the money has been either obligated or spent, which is highly unacceptable.

We know that the potential for waste is huge. Federal real property has been on the GAO's high-risk list since 2003 and, according to the GAO, longstanding problems in the Federal real property area have multi-billion dollar cost implications to the taxpayer.

Now, unfortunately, the proposals pending in Congress would appropriate billions of dollars with little accountability. The funds for

GSA will be going to the hands of the GSA bureaucracy. They would determine, the bureaucracy would determine how to spend those funds, however the bureaucracy sees fit. In fact, there seems to be little that would prevent funds from being used for projects that this Committee specifically has intentionally rejected.

We can, and need to, hold hearings—and that is why I am so grateful to the Chairwoman, who is very aggressive about oversight hearings like today's. But we also know that GSA will be responding to competing interests, and we understand how the process works. And given that there is explicit language in the Senate proposal regarding courthouses, for example, GSA could very well decide to spend $1 billion in a single project that this Committee repeatedly refused to approve because of the wasteful nature of that proposal.

Now, while such projects would be reported to the appropriations committees and posted on the newly created recovery.gov website, not even the standard checks and balances normally in place for such projects would apply. It is hard to believe. The proposed bill not only ignores the prospectus process normally required for such projects, this Committee is not even included in the reporting requirements mandated in the legislation. Again, not acceptable.

Another concern that I have relates to whether the proposal focuses enough on the actual creation of jobs, which obviously, as we know, is the stated purpose of this legislation. Now, for example, while energy efficiency is something that the Federal Government should strive for and that we all support, it seems that energy efficiency and conservation is given greater consideration in the pending proposals than is job creation. Now, remember, this is supposed to be a job creation bill. That is the purpose of the bill.

The House-passed bill gives priority to projects that will create the greatest impact on energy efficiency and conservation. The Senate version goes even further, to require that nearly half of the proposed funds are used to convert GSA facilities into high-performance green buildings as defined by the Energy Independence and Security Act, not to create jobs, which is supposedly the purpose of the legislation.

While creating efficient buildings is a noble goal that we all share and that obviously might have long-term benefits, it seems to trump consideration of the immediate need for job creation and economic stimulus, which, I repeat, is supposedly the purpose of the bill. If we are going to spend billions of taxpayers' dollars to stimulate the economy and create jobs, as, I repeat, supposedly is what the bill is for, we should have a bill that ensures that such a stimulus effect is maximized and is prioritized.

One option, for example, is using acquisition as a stimulus. Now, while the proposed bill does not explicitly mention that you can acquire property as an option, they do allow for projects authorized under existing GSA authorities, which may include acquisition of buildings. Now, such authorities should be encouraged, and I am pleased that GSA's testimony says that it is exploring those options.

There are many development projects that have either stalled or are at risk of, frankly, stalling because of the economy. This potentially creates an opportunity for the taxpayers to acquire needed

property at a significant savings to the taxpayer and also putting people to work immediately, which is the supposed purpose of this bill. At the same time, such investment will help to stabilize economic development projects that local economies are relying upon to help their neighborhoods and create sustainable jobs.

Again, however, I remain concerned. This legislation could be a good opportunity, could be a great opportunity to put in place real solutions that may help ensure and address ongoing challenges related to real property management. Instead, unfortunately, the proposed legislation seems to do little to address these concerns and, in fact, may lead to more wasteful spending. We should not repeat the mistakes made on the bailout bill, on the TARP bill, of writing a blank check. There must be meaningful oversight and accountability.

I am now, Madam Chairman—and I am working on it right now—drafting a resolution that will, at the very least, provide some direction to GSA on avoiding wasteful projects and spending. That resolution would make clear that funds should not be spent on projects that this Committee has rejected, include this Committee on any reporting requirements, and ensure that we know the number of jobs that each project will generate. I hope that this resolution could be a first step—again, just a first step—in providing some guidance to GSA and to minimize the very real chance of wasteful, out-of-control spending. I plan to introduce this legislation later today, and I hope that other Members of the Committee would join me in sponsoring it.

Now, again, while there are very worthy and necessary projects in the pipeline that need to be funded, and which actually may help to support needed jobs, we must ensure that such large commitments of taxpayer dollars are properly used and managed, and we must ensure that the priority is job creation. That is the purpose of this bill.

So I hope that these issues can be addressed and I look forward to hearing from the witnesses on these and other witnesses. I want to again thank the Chairwoman for her leadership on these issues.

Ms. NORTON. I want to thank the Ranking Member for joining us in our concern that there be more oversight than one might expect because of the nature of this bill. I do want to say for the record that we had a very considerable testimony from the construction industry about green jobs of every kind. We believe that when you are retrofitting a building plus making it green, you are using construction workers plus a set of workers, many of them with special skills, as, if anything, add-ons of the kind you never would have used if you were simply repairing buildings.

I also want to say for the record that the green sections of this bill to save taxpayers' money, which now is pouring, pouring money down the drain for Mideast oil, must be a part of this bill, and we are pleased at the synergy between the energy savings and the job creation that we saw in the day-long hearings that the Chairman held.

And I will ask Ms. Edwards if she has any opening remarks. Ms. Edwards, do you have any opening remarks before we begin?

Ms. EDWARDS. I do, Madam Chairwoman, just very briefly. And thank you very much for convening this hearing.

And thank you to our witnesses in advance for your testimony, and I look forward to it. As you may know, I represent Maryland's 4th Congressional District, which covers both Prince George's and Montgomery County in the national capital region, and I will say I think that there is great consistency between the idea of creating green jobs, saving money, and really investing in the future. These are not incompatible and inconsistent ideas.

In the 4th Congressional District, we are home to the Food and Drug Administration, the Census Bureau, and NOAA, all buildings built very recently that have amazing green components to them, and with using some of the latest technologies and techniques that really demonstrate to us that the Federal Government can really be in the business of creating a model for how you develop and build green buildings, create good jobs, and save money for the taxpayer. So I would like to see more of that going on.

I look forward to your testimony about the way in this stimulus package we also balance the distribution of the projects, particularly the national capital region, so that all of the capital region, particularly those areas that are the most disinvested, receive the benefit of this stimulus and of the jobs and the jobs for the future. So I look forward to hearing some of your testimony about those aspects of the way that GSA looks at its leases and buildings and the projects that are in the pipeline so that the entire national capital area benefits comparably in the projects that are being created.

I would also like to point to the Chairwoman's leadership in making sure that we also have training opportunities so that the jobs we are creating down the line are available to people who may not be in the skill set that we have right now, but down the line will, working with our apprenticeship programs and our job corps programs so that we are training up the folks who can come into this industry and build in the kind of way that makes the most sense for the taxpayer.

And if ever there were an environment in which the watch words are accountability and transparency, we are in that environment now. So I fully expect that from this Subcommittee and from your continued testimony and the oversight that we will provide, that we offer the taxpayer the kind of accountability and transparency they deserve for this significant expenditure in funding, and I look forward to your testimony. Thank you.

Ms. NORTON. Thank you, Ms. Edwards.

We will go to our first witnesses and then ask those, after they testify, who are accompanying them to come forward for questioning. First, Paul Prouty, who is the Acting Administrator of General Services Administration. Mr. Prouty?

**TESTIMONY OF PAUL PROUTY, ACTING ADMINISTRATOR, GENERAL SERVICES ADMINISTRATION; HARRY GORDON, AMERICAN INSTITUTE OF ARCHITECTS; ACCOMPANIED BY ANTHONY COSTA, ACTING COMMISSIONER, PUBLIC BUILDINGS SERVICE; KEVIN KAMPSCHROER, DIRECTOR, OFFICE OF FEDERAL HIGH-PERFORMANCE GREEN BUILDINGS; AND LESLIE LEHRKINDER, ACTING DIRECTOR, REAL ESTATE AND FACILITIES MANAGEMENT, INTERNAL REVENUE SERVICE**

Mr. PROUTY. Madam Chair, Ranking Member Diaz-Balart, and Members of the Subcommittee, my name is Paul Prouty, and I am the Acting Administrator of the General Services Administration. I am pleased to have the opportunity today to discuss GSA's role in the Nation's economic recovery. My full statement was submitted to the Committee and, with your permission, I will now give a brief summary.

I will also ask the Subcommittee's permission that Mr. Anthony Costa, Acting Commissioner of the Public Buildings Service, and Mr. Kevin Kampschroer, Acting Director of our Office of High Performance Green Buildings, be allowed to join me at the conclusion of my prepared remarks to assist in answering any questions the Subcommittee may have.

I would also like to thank Leslie Lehrkinder, Acting Director of Real Estate and Facilities Manager with IRS, and Harry Gordon, with the American Institute of Architects, for joining us today.

GSA has a unique and exciting opportunity to be part of the solution to this Nation's economic crisis. By investing in our critical infrastructure projects, we can help stimulate jobs in the construction, manufacturing, and real estate sectors while supporting long-term growth in energy-efficient technologies, alternative energy solutions, and green construction.

These sectors—construction, manufacturing, and real estate—are among the hardest hit by the current economic crisis and we have the ability to help them. GSA can get money flowing directly to the building industries, to construction workers, electricians, plumbers, heating and air conditioning mechanics, carpenters, architects, engineers, and others in the design and construction fields, and through them to suppliers and manufacturers. We can help get people back to work quickly.

Not only will we be helping to create jobs in the building construction field across the Country, we will be creating a market for skilled building technicians who will manage and operate these new technologies. By reinvesting in existing structures and building high-performance green buildings, we will lessen our dependence on foreign oil and encourage the development and use of alternative energy technologies.

Currently, GSA spends almost a half a billion dollars a year on utilities. High-performance green buildings foster energy efficiency and promote building systems that work together. By retrofitting buildings to be high performing, we can realize immediate savings on our utility bills. These buildings are not only high-performing, they will also enable the Federal workforce to perform at the highest level.

At the same time, we can make meaningful improvements to our portfolio that will yield a sound financial return, restore our crumbling infrastructure, and ensure these important assets remain available to meet the future needs of Federal agencies and serve local communities and their citizens.

Today, I would like to summarize the four major areas of responsibility described in my prepared statement. They are: one, project identification; two, energy efficiency and green buildings; three, project execution; and, four, transparency and reporting.

Project identification. I will begin by summarizing how we identify needed projects that achieve the reinvestment goals. We convened a team consisting of national and regional GSA professionals in several disciplines to review projects that are likely candidates for this funding. We have a large number of new construction, repair and alteration, and below prospectus projects that are already in the pipeline and ready to go.

To this universe we are adding projects that have clear energy efficiency components with good return on investment and that promote the development of alternative energy technologies. We also are enhancing the existing projects to incorporate the latest technology, reduce energy consumption, and increase renewable energy generation.

As we review potential projects, the two most important of several criteria are how fast we can create jobs by getting shovels in the ground and how much added energy efficiency we can gain from projects ready for construction award. Besides creating jobs, investment in our infrastructure provides an unprecedented opportunity for GSA to improve the performance of our buildings. These investments will help reduce our energy consumption and cut maintenance and utility costs, reduce our backlog of repair and alteration needs, prevent the deterioration of our valuable real property, and prolong the useful life of our building assets.

In addition, we can rely less on lease space to house Federal agencies. In the past, we have had to move people out of federally owned space that could no longer meet their needs. If it is included in the legislative priorities, we have identified future building projects that could become Government construction rather than lease construction.

I want to emphasize that no project is on our list if it does not deliver a positive return on investment.

Turning next to our energy and green building responsibilities. GSA is required to reduce our energy consumption and lessen our dependence on fossil fuels. We are looking for every opportunity to improve the energy efficiency components of existing designs. Many improvements are as simple as substituting more efficient equipment or adding components. Some examples we have already identified are: one, providing additional installation; two, installing variable frequency drives to reduce energy and extend the life of mechanical equipment; three, converting parking structure lighting to light-emitting diode, LEED. LEEDs dramatically lower energy consumption, improve safety and visibility. LEEDs also lower future maintenance costs because they last longer than typical parking lot lights. And, four, retrofitting or replacing less efficient windows.

By using well established contracting techniques such as design-build, we can start work quickly on existing designs and concurrently improve other project designs with energy-efficient approaches.

To further streamline our energy efficiency improvements, we have identified and will continue to identify a number of initiatives that can rapidly be deployed in many buildings. Some examples of these are, first, installing intelligent lighting systems to use daylight rather than electric lights and to use lower-level ambient light with task lights where needed; second, replacing old, inefficient roofs with either ENERGY STAR membranes, integrated photovoltaic panels bonded to the membrane, or planted roofs; third, accelerating the installation of advanced meters to help us better manage buildings. By providing instantaneous information on a building's energy use, we can take immediate action to respond to fluctuations.

In short, we are looking for every opportunity to quickly optimize our reinvestment funds by increasing building energy performance, cutting operating costs, and reducing our dependence on fossil fuel.

Next I would like to address our project execution responsibilities, or what we describe as getting the work done. We are looking for new, faster ways of delivering our renovation and construction projects. To manage the work expected with the large influx of capital, we are focusing on three areas. They are: management, measurement, and tracking and reporting. We will be supporting regional program personnel with a disciplined approach to standard business processes, communication plans, updated policy and guidance, consistent lines of authority, and consistent training.

Given the complexity of the project management responsibilities, GSA has formed a nationally managed, regionally executed Program Management Office, or PMO, which is dedicated to managing reinvestment-funded projects. It will be staffed with project management experts and will draw from resources across the Public Building Service, Federal Acquisition Service, and other parts of the agency. The Program Management Office will maintain an aggressive schedule and will be supported and mirrored by teams in each region.

In the GSA acquisition community, we are exploring a variety of tools that can be customized, standardized, and consistently used to support the reinvestment initiative. For example, we are using consistent, standardized scopes of work and specifications. In addition, we will use existing contract vehicles like indefinite delivery, indefinite quantity contracts, and GSA scheduled contracts. In all these acquisitions, GSA will seek competition within the marketplace and will strive to maintain our good record of outreach and support to small businesses.

Measurement is a key component in managing the reinvestment initiative. Management of these precious reinvestment funds relies on accurate measurement, reporting, and tracking. GSA has business measures that are widely considered to be among the best in the industry. We currently use several performance measures to track the progress and budgets of our capital projects. We will apply these measures to track the design process and the progress of reinvestment projects.

We also have well established systems to measure our contract and energy performance. To meet the anticipated increase in volume, as well as the need for greater transparency in reporting for reinvestment-funded projects, we will be expanding and enhancing these measures.

Our infrastructure reinvestment requires greater accountability, transparency of actions, and reporting requirements. GSA will be taking the lead to launch and manage recovery.gov, the official website of the Federal Government, which will report the ongoing progress on the reinvestment funding for the American public. We are also ensuring that our financial systems will track information at the required level in order to meet the recovery.gov requirements.

Finally, as part of the proposed American Reinvestment and Recovery Act, GSA is being asked to purchase and promote energy-efficient motor vehicles for Federal fleets. We stand ready to help stimulate that sector of our economy as well.

Today, I have described GSA's readiness to contribute to our Nation's economic recovery, to address strategic energy goals, and to make financially sound and long-overdue reinvestment in our public buildings. We fully recognize this is an extraordinary opportunity and we are ready to move forward with speed, tempered by careful consideration of our procurement responsibilities and our responsibilities and accountability to the American taxpayer. We are eager to work with you and other Members of this Subcommittee as we engage in this important work.

Madam Chair, Ranking Member Diaz-Balart, this concludes my statement. I and my colleagues will be pleased to answer any questions that you or any other Members of this Subcommittee may have.

Ms. NORTON. Thank you very much, Mr. Prouty.

Mr. Gordon of the American Institute of Architects.

Mr. GORDON. Chairwoman Norton, Ranking Member Diaz-Balart, and Members of the Subcommittee, good morning. I am Harry Gordon, FAIA, the Chairman of Burt Hill, an international architecture and engineering firm, and I am appearing today on behalf of the American Institute of Architects, the AIA.

My architectural firm, Burt Hill, has designed over 20 million square feet of buildings nationwide that incorporate high-performance building features. These buildings save 40 to 50 percent of the energy used by regular buildings; save up to 80 percent of municipally supplied water; produce less pollution, reducing ozone alert days and global warming; provide healthy and productive working and living spaces for people; and generally do not cost more than conventional buildings.

On behalf of the 86,000 AIA members and the 281,000 Americans who work for architectural firms nationwide, I would like to thank you for the opportunity to appear today. I speak before you at a critical juncture in our Nation's history. The collapsing economy presents us with a challenge that we need to face, but also an opportunity to take bold steps that will strengthen our Country and its people for years to come.

Just yesterday, the Senate passed a massive economic recovery bill and, as I speak, a conference committee is meeting to produce

a final bill for President Obama's signature. The differing bills passed by the House and Senate include a number of critical priorities that will stimulate the economy through investments in our Nation's buildings. Unfortunately, the Senate bill drastically reduces funding for GSA's Federal Building Fund and high performance Federal buildings, as compared to the House bill. The AIA and its partners in the design and construction industry strongly urge Congress to include the House-passed funding levels for the GSA Federal Building Fund and for high-performing Federal buildings in the final version of H.R. 1 that it sends to President Obama.

Investing in green Federal buildings will create jobs, reduce energy costs, increase the value of GSA's portfolio, and ultimately save taxpayers money. A significant investment in high-performance Federal buildings as a part of economic recovery legislation is not only warranted, but vital for the continued economic and environmental health of our Nation.

I'd like to address two specific topics. The first is job creation and the second the benefits of high-performance buildings.

Speaking first to job creation, investing in the design, construction, and renovation of Federal buildings will create thousands of jobs in the design and construction industry at a time when this sector has all but collapsed. In January alone, these industries have lost over 110,000 jobs. A number of recent studies has shown that each $1 million in construction spending supports about 28.5 full-time jobs. This means that the $7.7 billion the House appropriated for the Federal Building Fund could create as many as 219,000 jobs.

I would point out that these are private sector jobs across a wide range of sectors, from architects and engineers, to sheet metal and insulation installers and electricians, plumbers, masons, and carpenters. And because GSA has indicated that it has nearly 500 projects that are ready to go and can be obligated in 90 to 180 days, these are jobs that will be created immediately. It also means that the Senate bill, by cutting this amount by approximately $2 billion, essentially eliminates 57,000 job opportunities. This is the last thing that we should do at this moment.

Both Congress and President Obama have stated that saving and creating jobs is our Nation's top priority. By investing in high-performance Federal buildings, Congress can go a long way toward meeting this goal and do so in an intelligent way that is good for business, good for the environment, and good for the American taxpayer.

The second topic I would like to address is the benefits of green buildings. Both the Federal Government and the private sector have proven that investing in high-performance buildings offers countless benefits in addition to the potential to create thousands of new jobs. Investing in high-performance buildings will increase energy efficiency, therefore reducing energy costs. The Department of Energy has identified several case studies of commercial buildings that have undergone energy efficiency construction or retrofits. They find that the actual energy cost savings—not predicted or theoretical, but actual—to be as high as 67 percent. For private own-

ers, that is money right back into their pocket, and for Federal buildings, that is saving taxpayers money.

The economic benefits of green buildings go beyond just reduced energy costs. In the private sector, high-performing buildings enjoy higher rent premiums, higher occupancy rates, and often sell for more money per square foot than conventional buildings. This shows that the value of a building increases, and increased dramatically, when the building owner goes green.

The private sector has also shown that high-performance buildings bring a greater ability to attract talented workers, higher employee retention rates, improved worker productivity, and improvements in employee health. I have included details of these facts in my written testimony.

Given the substantial benefits high-performance buildings offer, Congress should support our Nation's largest landlord, the General Services Administration, in greening their buildings. Investing in high-performing Federal buildings is a common sense approach to creating jobs, reducing energy costs, and ultimately saving taxpayers money. For these reasons, the AIA and its partners in the design and construction industry strongly urge Congress to include the House-passed funding levels for the GSA Federal Building Fund and high-performing Federal buildings in the final version of H.R. 1 that it sends to President Obama.

I welcome any questions from the Subcommittee. Thank you, Chairwoman Norton and Ranking Member Diaz-Balart, for the opportunity to testify before your Subcommittee today.

Ms. NORTON. Thank you very much, Mr. Gordon. It is very important to hear from the private sector, which has the immediate bottom line to take into consideration when it comes to what to do, as the Government does not always have. Of course, we do have it with respect to these funds because this is our inventory.

Before I ask my questions, I will have to leave here at 10:15 because of the markup of a bill involving my District in the Senate, and I am only hoping that the Chairman of us all will be able to stay and take the chair at that time. We are pleased that the Chairman of the Full Committee is here, and ask him if he has any comments before I ask my questions.

Mr. OBERSTAR. Madam Chair, thank you very much. I wish you great success in the mission to the Senate. It is missionary work when you go over there, across the border, and it is important for you to do that, and I will happily remain here to join with mi hermano, Senor Diaz-Balart. We have a very distinguished panel of witnesses, very, very above average, recommending we stick with the House number. Thank you.

Ms. NORTON. Thank you very much, Mr. Chairman.

Let me get on the record, so that everyone will understand, that GSA was not born yesterday when it comes to energy and incorporating energy in construction and repairs. When we are about to embark on the most important, largest perhaps—perhaps not the most important, but the largest building project under the jurisdiction of this Subcommittee or the GSA, which is the multi-agency Department of Homeland Security, in building that headquarters or in doing other construction work today, does the GSA already try to meet the state-of-the-art, use the opportunity of repair, alter-

ation, and construction to meet the state-of-the-art in energy efficiency as a part of its general mission? Mr. Prouty.

And would others please come to the table, now that it is time for the questions?

For example, I will give you another construction example. One of the things you often have to do to save a building is to put a new roof on that building. In putting a new roof on the building today, would the GSA consider photovoltaics as a possibility in order to conserve energy in that building? Would it consider the possibility of a green roof? Or would it just fix the roof?

Mr. PROUTY. The answer is we would definitely consider new technologies. Kevin Kampschroer has joined us, and he can expand on that answer.

Mr. KAMPSCHROER. We would not only consider it, but we have experience in doing it. In Waltham, Massachusetts we have incorporated a roof repair, which was badly needed, with an integrated photovoltaic roof which today produces 50 percent of the electricity required by the building. And we have looked at every project we are considering here to see where those opportunities are. This is an exact example of the kinds of things we are doing to be responsive to the goals that are articulated in the proposed legislation.

Ms. NORTON. Now, Mr. Kampschroer, you are from the Office of Federal High Performance Green Buildings, which is part of the energy bill that we enacted. Are there some up-front costs that would deter, or should deter, the Government in making repairs on buildings or in construction?

Mr. KAMPSCHROER. There are certainly cases where the most energy efficient or the newest technology is more expensive. A good example of that is the use of geothermal or ground-source heat loop. It is a great technology, it is well proven, but it is more expensive in initial capital costs. So as we examine those, frequently, if you have very little money, it is a balancing act between how much money you have and what you can afford to do. As we look forward, we are trying to maximize that. It is one of the goals that was articulated in the Energy Independence and Security Act, and we are incorporating those goals into our activities in response to the stimulus.

Ms. NORTON. Mr. Prouty, it has been alleged that this money will be used to "spruce up office space for Federal workers." Will any of this money be used to spruce up or make Federal workers more comfortable? Will any of it be used on furniture? Will any of it be used on interior finishes? Are any of those expenditures what GSA has in mind for this infrastructure money?

Mr. PROUTY. Once again, the simple answer is no. These projects all have a return, they are all involving infrastructure energy. However, I might add that there will be some finish work, because as we get into the buildings we obviously are going to have to put the buildings back together. But that is certainly not a significant amount of money.

Ms. NORTON. Now, normally, if there is major construction, we require a prospectus. You come here, we look at it in its exclusive detail. Because of the nature of this work here—and, if I may say so, you don't have to come to us for repairs and alterations unless they are major.

But, in any case, because of the time frame, the urgency of the economic situation, the normal kind of coming forward here, at least for major repairs, may not occur. Of course, we will have oversight and we will have oversight ahead of time, before you begin your work.

This Committee, this Subcommittee will not micro manage what it doesn't understand. We are not builders, we are not repairers; we defer to your expertise. At the same time, as a Committee of oversight, I want to know what objective measures will you use in choosing projects for repair, alteration, construction, or other work.

Mr. PROUTY. The response to that is, first of all, the projects with an existing need and the projects that we can get in the ground, but we are still going to use the same criteria that we use for the return on investment of all our projects, the existing projects, energy-specific projects, new projects, existing projects that need to be brought up to new standards. But, obviously, we are going to look at the criteria and the criteria is going to be where those projects are located, what those markets look like, what the labor markets, how many projects we have in each location. But the criteria that we use to determine which projects we are going to go forth with is no different than those that we bring to you under the prospectus process.

Ms. NORTON. We are not in the project business. We are not trying to decide who gets a project business. The most important part of what we do on GSA in my 18 years here has been the objective nature of it. Nobody can put in a chit for her project or his project in his State; this is the cleanest Committee in the Congress. We don't do earmarks; we don't favor Members of the Committee. At the same time, we would be interested in the location of these projects. Do you see the need for project spread across the Country that meet your criteria?

Mr. PROUTY. We definitely do.

Ms. NORTON. You know that the criteria you have just indicated is going to be tested, because there will come a time when you will come before us with those projects. We know you have to give you time to do that, but, by the way, not much time. In fact, I want to know how soon, since all the projects have to be shovel-ready, are you prepared to choose projects and make them transparent so this Committee will know exactly what the projects are?

Mr. PROUTY. We are going to be prepared to do that as soon as we know the final criteria of the legislation. But I will let Tony Costa expand on that.

Mr. COSTA. Good morning. Since discussion of the stimulus started a couple of months ago, we have been scrubbing projects, and the interesting thing is we think as many as $6 billion worth of projects have already gone through the Subcommittee for authorization, projects, for instance, that are multi-phased that you all have already reviewed and approved. So much of the work has already been reviewed.

Ms. NORTON. So there are projects that we have already approved?

Mr. COSTA. Yes.

Ms. NORTON. Could you give us examples?

Mr. COSTA. For instance, the Department of Interior headquarters is a multi-phased project. It's already been approved and we have future phases that are going to be funded in the latter years. That is one project, for instance, that we are looking at seriously that could become part of the stimulus project list. So a significant number of projects and money involved in the potential project list really has already been seen by the Subcommittee.

Ms. NORTON. Now, one of these projects involves the Internal Revenue Service. This is Ms. Lehrkinder. Ms. Lehrkinder, would you describe the internal IRS work and where it is located and why you believe it is an example of what we are trying to do with this bill?

Ms. LEHRKINDER. Yes, ma'am. One of the projects that is under review and is in consideration that we are working in partnership with GSA with is our Andover Campus.

Ms. NORTON. Where is that located?

Ms. LEHRKINDER. Andover, Massachusetts. And the campus is an aging building. It was constructed in the 1960s. Its infrastructure is aging. We have significant concerns with the electrical systems, the mechanical systems, the roof. It is a project that, actually, the prospectus for design was approved in the 1990s and we have been working with GSA to prepare for the construction phase once we received approval for construction. So that is one of the projects, I believe, that is under consideration.

Ms. NORTON. That is a building owned by the Federal Government?

Ms. LEHRKINDER. Yes.

Ms. NORTON. Owned by the Federal Government. How many square feet, approximately?

Ms. LEHRKINDER. It's about 400,000 square feet.

Ms. NORTON. If that building is rehabilitated, what will be the effect on heating, savings, energy?

Ms. LEHRKINDER. Let me give you a very good example. We have an electrical system that is aging. The switch gear is such that we have to manufacture the primary switch gear because it is no longer standard manufacture. And we actually have had issues where the building electrical systems have gone down.

Ms. NORTON. You have to manufacture the switch gear? What do you mean?

Ms. LEHRKINDER. The switch gear itself is no longer manufactured, we have to custom manufacture the switch gear.

Ms. NORTON. Oh, my goodness.

Ms. LEHRKINDER. It is so old. So we actually have had an example of lost power and the impact of sending the workforce home because we had no power in the facility. So this is, we think, a very good candidate for this project.

Ms. NORTON. Finally, before I go to the Ranking Member, because many of his questions about how you proceed need to be answered. They are important and good questions. But I would like to ask Mr. Gordon one final question. The reason that you are an important witness for us is because we have noticed many private developers and building owners moving ahead of the Government in going green and making the up-front expenditure, and your testimony is valuable in a number of ways.

First of all, you indicate, by talking about the unemployment in your area, how construction wakes up other sectors. This is construction work. But on down the line there are many sectors—and more so than in any other kind of stimulus spending—that get waked up to support or that otherwise are awakened because the construction workers have money to spend. It is what has been proved over and over again by stimulus spending. So I noted the very high unemployment rate, which matches the huge construction worker unemployment rate as well.

But you mentioned, on page 6, the financial benefits, actual benefits of going green. There are savings and there are benefits. I need somebody from the private sector who has a bottom line to talk to this Committee about the benefits of going green while you are in the process of making repairs or doing construction.

Mr. GORDON. Thank you, Chairwoman Norton. I would be happy to address that point. In the private sector we have found that there are very substantial advantages to the incorporation of high performance features in green buildings. We found, for example, that the rent premiums of high performance buildings over their conventional counterparts are typically $11.24 per square foot. We have seen a 3.8 percent higher occupancy rate in these green buildings, and some studies indicate that the sales price of green buildings is an average of $171 more per square foot than their conventional competitors. So all of those advantages in the private sector accrue directly to the bottom line.

But that's not the only benefit. These buildings are better buildings for the people who work in them, and we see higher rates of retention, the ability to attract talent to those buildings. We see less sick time and we see a number of other benefits to the workers in those buildings that come in addition to the benefits of job creation, energy improvement, and increase in value.

Ms. NORTON. So have you found a reluctance of the private sector? Let's leave aside this economy, where there is a reluctance to do anything. But how much reluctance have you found in the private sector when you advise clients to move forward with greening of one kind or another in the work that you do for them?

Mr. GORDON. We are finding increasingly that our private sector clients, both the developer clients and also the private sector universities that we work for, the hospitals and other health care facilities, all these private sector entities recognize the benefits of high performance green buildings and are making those investments. Now, that is not to say that every one of them does. We don't all become enlightened at the same time. But a very significant percentage of our clients in the private sector mandate that these features are part of the designs that we create for them.

Ms. NORTON. Thank you, Mr. Gordon.

I would like to go now to our Ranking Member, Mr. Diaz-Balart.

Mr. DIAZ-BALART. Thank you, Madam Chairman. We understand, Madam Chairman, that you have an interesting morning ahead of you, going to the other side, as the Chairman said, so thank you and Godspeed.

Before I begin my questions, I do want to mention that we are obviously honored to have the Chairman of the Full Committee. One of the untold stories in this process is that there are areas and

there are individuals that do not allow partisan bickering to get in the way of good products, and if you will kind of hear that between the Chairwoman and myself and other Members, we have a lot of things in common, a big part of that reason is because the Chairman of the Full Committee has an attitude where he listens and will take ideas from anybody and everybody if they are deemed to be good ideas. And I think that is one of the reasons you will see a lot more cooperation in this Committee than anywhere else.

So, Mr. Chairman, I want to thank you again. I have told you that before, I have told you that in private, I have told you that in public, but I think it is important to note that because, when times are tough, there are certain times when you have got to look at things that do work, and your leadership works. So we thank you for that, sir.

Mr. Prouty, is that how I pronounce it?

Mr. PROUTY. Prouty.

Mr. DIAZ-BALART. With a name like Diaz-Balart, I shouldn't be messing other people's names up, right?

You mentioned in your testimony, sir, that each project is being evaluated on a number of criteria, including—and I was glad to hear that—first, how fast jobs can be created, which is the purpose of this bill, and energy efficiency, which obviously we all support. Now, can you talk a little more about this criteria and others that you are using?

One of the things that came up in discussion now is energy savings, savings and cost versus up-front costs, and one of the criteria that I would like you to kind of discuss—not the only one—is there a standard, for example, on how many years the taxpayer will get their money back as part of that decision making? If you could just discuss that and also other criteria that you are looking at.

Mr. PROUTY. We will do that. As far as the first question, I will ask Kevin Kampschroer to respond to it.

Mr. KAMPSCHROER. Thank you. There is a standard process by which we examine that, life cycle costing analysis. We use that on all of these projects and we are systematically using that. In the money that we have spent in the past, we have had positive returns on investments averaging at around seven or eight years. Obviously, it varies. The projects that get the quickest return are usually control systems, and the ones that have the longest return are usually renewable energy generation. So we are seeking to have a balance of these with a blended return on investment rate that is positive.

One of the things that this Committee did in the Energy Independence and Security Act was lengthen the amount of time that we had available to us to do life cycle cost analysis from 25 years to 40 years, and that enables us to really examine over the full life cycle of long-lasting products, like photovoltaic panels, exactly when they begin to return on investment.

Mr. DIAZ-BALART. And that criteria is going to be used for this as well, I am assuming?

Mr. KAMPSCHROER. That is correct. On every project we are the moment looking at total savings and absolute energy, the potential savings and the cost of operation of the buildings, as well as the savings and the cost of energy.

Mr. DIAZ-BALART. Great. The Senate bill requires that nearly half of the funds—and, again, I understand we are in conference, so we will see what comes out, but the Senate bill says that nearly half of the funds to be available for measures necessary to convert GSA facilities to high performance green buildings, and the Act seems to set some pretty high bars as to what is considered a high performance green building.

I have some of those definitions and they include reducing energy—by the way, we all support this; obviously, this is legislation that Congress did. It includes reducing energy, water, material resource use, improving indoor environmental quality, including acoustic environments, thermal comfort, considering the indoor and outdoor effects of the building, among others. These are only a few of the requirements outlined, but it is and. In other words, it is not or, it is and, so all those things have to be part of it.

Now, obviously, we all want to take steps to improve energy efficiency and to minimize the carbon footprint of Federal buildings and save money long-term, et cetera, so we also support that. However, the standard set for high performance green buildings may seem to be so high that it may actually impact a number of projects that might be able to be completed through the stimulus package.

For example—and we have talked a little bit about that—with many older buildings in the inventory in need of repair, it is unclear if they could meet this high bar. At least to me they are unclear. From your current list of potential projects, how many of them already meet these requirements?

Mr. KAMPSCHROER. From the potential list, I would say none of them meet all the requirements, or else they wouldn't be on the potential list. I hope that doesn't sound like a facile answer, but we are really looking at the buildings that need improvement. We are seeking to address all of these. In a new construction project that we are starting from scratch, you have the opportunity, using integrated design principles, to address all of these areas in the balance, and, as Mr. Gordon says, that enables you to deliver those projects at very little additional cost.

For repair buildings, we are seeking to address not just energy efficiency, but all of the rest of the items that you mentioned, and, in fact, in many cases they are interrelated. We can improve the indoor environmental quality in buildings by reducing energy consumption simultaneously by maximizing the use of daylight, for example. We use the daylight, we turn off the lights with automatic controls and then you have a better working environment for people inside the building, as well as reducing energy and saving costs.

Mr. DIAZ-BALART. And you mentioned those examples and others. In your testimony you talked about thicker insulation, converting light into LED, and retrofitting windows, but for each of these areas, and others that you just mentioned right now, sir, have you determined how many jobs will be created based on the dollars invested and what those figures are? Is there a way that we can see something like that?

Mr. COSTA. We have. There are various models to talk about job generation. We have looked at a couple and one that pertains directly to construction spending was developed by the National As-

sociation of Industrial and Office Properties. Their basic model suggests that for every billion dollars spent in the construction field generates about 28,000 full-time jobs, increases $1 billion in personal earnings, and contributes $3.4 billion to the gross domestic product.

Just doing the math at House spending levels, at $7.7 billion worth of construction, that would translate to over 220,000 full-time jobs and close to $8 billion in personal earnings. We are really confident that the work that we are proposing will generate jobs quickly and efficiently. Our record is pretty outstanding. For every dollar we spend in our budget, 95 percent of it goes directly to the private sector to do renovation work, construct our buildings, design our buildings, operate our buildings.

Mr. DIAZ-BALART. I understand that and I understand those general numbers, but, however, you know, we can make numbers do things. And I am not questioning them, however, because they are obviously—but specifically on a project-by-project, are you looking at specifically how many jobs this project, this retrofit will actually create on that project, versus just relying on general numbers that are out there in a general sense?

Mr. COSTA. In our project-by-project analysis, we are looking at job generation depending on the kind of work that we are proposing.

Mr. DIAZ-BALART. Good. Good. And it would be great if you could show us some of those when you have a—I am not going to ask you to do that right now, but I am saying it would be good to have that to have an idea of what specifically each project, whether it is insulation, whether it is LED, whatever, what that is actually going to create, as opposed to just the general numbers in a general sense that the industry can put out.

Mr. COSTA. Congressman, when we provide our project listing, we expect to provide fairly specific information on each project and really an articulation of goals achieved for each project, not in general terms.

Mr. DIAZ-BALART. Great.

Mr. COSTA. So we are actually excited to provide that information when we provide our listing.

Mr. DIAZ-BALART. Great. Thank you, sir.

I mentioned this a little bit at the beginning. In 1983, GSA made a number of acquisitions under the building purchase program. And I hate saying this in front of the Chairman because he will probably correct me on numbers, because he will remember, unfortunately, all the details. But, anyway, at the risk of not getting it totally right, Mr. Chairman, I know that in 1983 GSA made a number of acquisitions under the building purchase program.

Now, this program resulted in, to my understanding, an additional 3.8 million square feet of space, saved the taxpayer nearly $300 million in rent payments, and now it is about a half a billion dollars worth of property that the Federal Government owns. In addition, these programs had an actual effect of stimulating job creation because a lot of these projects were ones that were dying, that were not going up, that had stalled.

Can you talk a little bit about these programs and the benefit that they provided to the taxpayer?

Mr. PROUTY. We definitely agree that these programs benefitted the taxpayer. We know the inventory you are talking about and it was an opportunity that we don't get very often, and certainly benefitted from it. And to whatever extent we can do that with these funds, we will certainly consider it. Obviously, it would take a unique circumstance where a project was in trouble so you could cause the job creation, but we are certainly open to looking at that and we would very much like to have those properties in our portfolio.

Mr. DIAZ-BALART. Great. Now, one of the things that I mentioned also was that the House bill and the Senate bill both require that GSA provide detailed plans by project to the Appropriations Committee. Not to this Committee, however. Could we get GSA to commit to provide this Committee the same information that, prior to obligating to spending the money, that it is required to provide to the Appropriations Committee, regardless of what language comes out in the bill at the end?

Mr. PROUTY. I was going to say yes. Mr. Costa said of course.

Mr. DIAZ-BALART. Thank you.

Mr. OBERSTAR. If the gentleman would yield.

Mr. DIAZ-BALART. Mr. Chairman.

Mr. OBERSTAR. Whether they want to or not, they are going to provide the information to this Committee. We have made it very clear in our bipartisan proposal last fall, last October, last December, that we are going to hold hearings every 30 days and require all Federal Government agencies to report to this Committee on the jobs created, the payroll made, and the jobs by description, and we are going to make that information public. So they will report to us regardless what the Appropriations Committee does.

Mr. DIAZ-BALART. Thank you, Mr. Chairman. And I saw you even have an agenda on that, Mr. Chairman, but I just wanted to put that on the record as well. Thank you.

You mentioned also that the project list will be based on sound assessed management practices, which is good, following the Real Property Council's guiding principles and principles related to green buildings. Will decisions by this Committee related to the approval or disapproval of projects factor in your decision? And, if so, how? I mentioned the fact that there is nothing in the legislation that would stop you from, for example, funding projects that this Committee has not wanted to do.

Mr. COSTA. Of course, we have a long history of working together. We understand your priorities on a project-by-project basis and in general, and we will consider that input when concluding on a project listing, no question.

Mr. DIAZ-BALART. Great. Thank you. Let me ask some questions to Mr. Gordon again.

Thank you, Mr. Gordon, and thank you for being here. It is a privilege to have you here, sir. You outlined the costs and benefits of green buildings, which, again, we all support. Do you have cost benefit statistics related to retrofitting or converting older buildings to meet the standards set in the Senate bill?

Mr. GORDON. Yes, sir. We found that in renovating existing buildings, that if we put some additional funds into the renovation of those buildings, we typically get a very high return in terms of

increased performance and reduced energy costs. So the number that was used earlier of approximately a five to seven year return on that investment is quite typical of what we see in both our private sector retrofitting of buildings and also the buildings we have had the privilege to do for the Federal Government.

Mr. DIAZ-BALART. Great. Great. Lastly, the intent of the legislation, as we all know—and I have been kind of talking about that a little bit today—is to create jobs through a lot of different ways, including funding shovel-ready projects, obviously. Any idea how long you think it would take GSA to incorporate the standards as required by the Senate bill, for example, into existing designs? Is that something that can be done quickly?

Mr. GORDON. Yes, that can be done very quickly. GSA has had a very commendable history of improving the performance of their buildings over time. They have done this in a number of ways. The things we are talking about today in terms of energy performance and more environmentally responsive buildings are two examples, but I would cite also some of the advancements that GSA has made in the use of building information modeling and other advances in the building industry. They have really been a driver for those things.

Because of that progressive position that the GSA has had in so many areas, they are very familiar with the kinds of things that are appropriate to incorporate in these buildings, and I think the ability to incorporate those rapidly will be met by the experienced levels in the private sector, the architects, engineers, and builders who will incorporate those features and will work quite compatibly with the GSA to achieve those quickly.

Mr. DIAZ-BALART. Thank you. And thank all of you for being here this morning. I really appreciate that.

Thank you, Mr. Chairman.

Mr. ARCURI. [Presiding] Thank you, Ranking Member Diaz-Balart.

The Chair now recognizes the very distinguished Chairman of the Transportation and Infrastructure Committee, Chairman Oberstar.

Mr. OBERSTAR. Thank you, Mr. Chairman and mi amigo Diaz-Balart, muchas gracias.

And if you think Diaz-Balart is hard to pronounce, try Pustos Schlemshek or Coyvo Kivimaqi, constituents in my district. Those are tongue twisters. Diaz-Balart, that rolls off the tongue easily.

And I thank you for your service on this Committee. It is very, very distinguished.

I appreciate our witnesses. Mr. Gordon, your contributions on behalf of the American Institute of Architects recalls to mind a hearing I presided over in my second term, in 1977, when the American Institute of Architects, along with GSA and with the Sheet Metal Workers Union, came to this Committee to discuss a study that the Sheet Metal Workers Union had commissioned of the benefits of retrofitting Federal office buildings with photovoltaic systems.

Their report concluded—it was a two volume document—that you would save huge amounts of electricity, you would create 135,000 construction jobs over a three year period, with an investment of $175 million a year over three years, and would reduce the cost of

energy from photovoltaics from then $1.75 a kilowatt hour to close to the investor-owned utilities rate of $0.07 an hour for PEPCO in the Washington, D.C. area.

Well, I introduced legislation. In fact, the Committee staff resurrected my testimony last year that I gave at our own Committee hearing in defense of my bill to implement this proposal, and the Committee approved the bill, the House passed the bill, the Senate passed the bill, President Carter signed it into law, and put the first increment of $175 million in his budget and then lost the election. Unfortunately, the incoming Reagan administration thought that windmills and photovoltaics were nonsense and, in effect, repealed by deleting the entire $960 million alternative energy budget.

Time passes. They are gone; I am Chairman.

[Laughter.]

Mr. OBERSTAR. It took 30 years, but we resurrected that bill and got it into the energy package in 2007, and the first of the targets was the Department of Energy facility.

I mention architects. The AIA was so enamored of and supportive of this legislation, and recited for us, by the way, in that testimony the experience of the government of Canada and the provincial governments of Canada. As a result of that, I went to Toronto, traveled there, met with my colleagues in the Canadian parliament, toured their department of provincial and Federal department of energy building in which the Federal and provincial governments were doing energy audits for private homeowners, for small businesses, and for all Federal and provincial government facilities. They saved hundreds of millions of dollars by retrofitting—today I call it futurefitting—those facilities.

Now, last year, the cost of photovoltaics, all by itself, all through various Federal Government agencies, State government agencies, private sector entities investing in photovoltaics has come down to $0.25 a kilowatt hour, roughly. Investor-owned utility numbers still around $0.07. If we had proceeded with this program on a massive scale nationwide, we would be way farther ahead than we are today, and yet we are not too late, maybe just in time, and with an opportunity to both create jobs, save energy costs, protect our environment, and do good for America. And by government getting in in a big way into acquisition from the private sector of off-the-shelf technology, installing, creating jobs, you will reduce the unit cost even further, and that is what I am keen on.

Now, when the Department of Energy photovoltaic roof was installed, I think Mr. Kampschroer, you were lead on that project, if I recall. I remember you came up and gave me a briefing on it, and then I went to the Department of Energy facility, trucked across the—it was a hot day out there, by the way—and it was a five month from start to finish, from the time DOE—now, GSA contracted out to—not contracted, but allowed DOE to manage the contract. They did things sequentially instead of concurrently. GSA's practice would have been to negotiate concurrently with PEPCO on the interconnection, while proceeding with the balance of the contract and getting it in place.

Do you, under this economic stimulus initiative, plan to self-contract, that is, take the lead, as GSA should, instead of being nice

to those Federal agencies who don't know how to do this on their own?

Mr. KAMPSCHROER. Our plan is to do the contracting for these projects with GSA professionals, working closely with the private sector people who will execute them.

Mr. OBERSTAR. Now, that project took five months. It actually—the contract was awarded April 1st, complete August 1. There was still some fine-tuning to be done, and then the switch was thrown mid-September. It is producing 205 kilowatts of electricity every day, correct?

Mr. KAMPSCHROER. On sunny days.

Mr. OBERSTAR. On sunny days, that's all right. A day like this, it's okay. That's why you have battery backups. Had GSA done this contracting, would that time frame have compressed?

Mr. KAMPSCHROER. We believe the procurement process would have compressed. It was four months of procurement in front of four or five months of construction. We think we can do that more quickly.

Mr. OBERSTAR. I think the actual work onsite went very quickly. Now we have 175 million square feet of Federal Government GSA-owned civilian office space, non-military, non-VA, and 176, roughly, million square feet—within a square foot or two—of rental facility. Would GSA retrofit—or I still prefer futurefit—those rental facilities with photovoltaics, Mr. Prouty?

Mr. PROUTY. We would certainly try to cause them to do that, but we are not going to invest this money in leased facilities, just owned facilities.

Mr. OBERSTAR. Because that would inure as a benefit to the non-Federal owner of the building.

Mr. PROUTY. Right.

Mr. OBERSTAR. So that entity could do so if they chose to do it. There is a benefit to them in the future value of that building if it no longer leased to a Government agency, right?

Mr. PROUTY. Certainly.

Mr. OBERSTAR. And you have roughly 8,600 buildings in the GSA leased and owned inventory, and the electricity bill, if my recollection is right, is in the range of $500 million a year?

Mr. PROUTY. That's right.

Mr. OBERSTAR. And the cost of installing that roof was roughly $2 million, so the payback needn't be measured strictly in electricity savings—that will take a few years—but also in the broader picture of environmental benefit and reduce CO2 and so on.

Mr. PROUTY. That's right. And I am sure that's why we are a leader in this.

Mr. OBERSTAR. Have you completed energy audits of all facilities under the jurisdiction of GSA?

Mr. PROUTY. We have been doing energy audits over the past years on the rate of about one building in ten every year. Part of what we are looking to do in the course of this stimulus work is systematically look at all the buildings in the inventory, taking into account the goals of the Energy Independence and Security Act, which require recommissioning and retro-commissioning of existing buildings.

In a recent example of that, in a courthouse in Maine, we reduced the energy consumption just through the recommissioning of the building, tuning up of the systems, changing the operations, and installing just one additional physical sensor on the exterior of the building by 42 percent. So we think that there is a very large benefit to using energy audits, recommissioning and retro-commissioning to make sure that we are identifying, in the process of this work, all of the possibilities for energy conservation.

Mr. OBERSTAR. With Mr. Gordon, I agree that the Senate was misguided in cutting funding from the GSA and then further subdividing. They purport to suballocate funds to various functions, designating courthouses, among others. We, in our House-passed version, just allocated a total sum to GSA and said you distribute it on the basis of projects that are ready to go, that can be under development, construction within 90 days. But, nonetheless, do you and GSA have a plan for bringing in additional personnel if you don't have enough people to get these projects underway promptly?

Mr. GORDON. Mr. Chairman, speaking about this just from the standpoint of architecture and engineering, since I am the chairman of a private sector firm, let me tell you that the rate of unemployment in the architecture and engineering industry is at record levels, and we have many people who are very qualified but for whom we don't have sufficient work, and it is creating great agony and devastation, I must say, in the employment within those professions, just as it is in the construction trades. There is not work for the construction trades; there is not work for the design disciplines. So I think that the capability of responding quickly is there. We have talented people that we can put to work immediately on these projects.

Mr. OBERSTAR. And you have the experience on the greening side. There is other work as well, it is not necessarily related to energy conservation.

Mr. GORDON. Precisely. As I mentioned in my testimony, we have been responsible, just our firm, for the greening, if you will, of 20 million square feet of buildings nationwide. Some of those are facilities for GSA; many of them are facilities for the private sector. And those have obvious job creation benefits, but many other benefits as well.

Mr. OBERSTAR. Mr. Prouty, do you have plans for bringing in additional contracting out to the private sector who have experience, as Mr. Gordon has just described?

Mr. PROUTY. We do indeed. Tony Costa will answer.

Mr. COSTA. Mr. Chairman, Mr. Prouty had mentioned early on in his opening statement that we were creating a program management office which will deal exclusively with the execution and delivery of the projects we are proposing, and we have great folks within GSA who are really excited to deliver this program, and many of them will be reassigned to that group to really spend their time, again, delivering the program.

We do expect to hire some additional folks, some permanent folks, some experts, some contracting people, and also to hire some people on a temporary and term basis throughout the life cycle of delivery of this program. And then, again, we expect to rely on the

private sector, even in some of the contract management roles, to help us manage the program nationally.

Mr. OBERSTAR. My focus all throughout has been very, very directed, very narrowly trained on putting people to work, from December 2007, when this Committee first, on a bipartisan basis, proposed a $15 billion infrastructure stimulus through to the piece that passed the House just recently. Now, in that period of time, I have worked and brought in the State DOTs, and I just want to go over something with you. Every State Department of Transportation, in consultation with and cooperation, partnership with the Federal Highway Administration, has a stewardship and oversight plan for management of their regular program. They are going to shift that into high gear for the stimulus. Do you have a similar stewardship and oversight plan at GSA?

Mr. COSTA. We do, and essentially we are calling our program management office, but essentially it will serve that function.

Mr. OBERSTAR. We also have, in Minnesota—and I saw the similar plan at the Department of Transportation for Illinois—an earned value management plan in which the department tracks their projects day-by-day—this is an eye test; we will get you copies of it. But they envision, at Illinois DOT, at Minnesota DOT, awarding contracts every two weeks starting 10 days from signature by the President, notification from Federal Highway Administration of their allocation to the State of Minnesota, State of Illinois, State of Wisconsin, State of California, every State across the Country I have talked with.

Every two weeks they are going to have bid lettings, and we are going to be monitoring that with our flowchart of accountability, transparency, and responsibility. And we are going to have a hearing in this Committee every 30 days, so I hope you are prepared to have your bid lettings and then come to this Committee and say this is what we have done, these are the contractors on the job, these are the job descriptions, this is the payroll that we have in the works.

Mr. PROUTY. We look forward to that.

Mr. OBERSTAR. That is what I am looking for. Thank you.

Mr. Chairman.

Mr. ARCURI. Thank you, Mr. Chairman. The Chair now recognizes the gentleman from Louisiana, Mr. Cao.

Mr. CAO. Thank you very much. I just have a couple questions to ask. How many of GSA's shovel-ready projects are located within the 2nd Congressional District of Louisiana and what does that represent as a percentage of projects and a percentage of dollars awarded, do you know?

Mr. PROUTY. We don't know right now what projects. We have assembled a list. We don't know what the priority is, so we are not in a position to comment on which projects are going to be included in this list. We will have to get the final number in the final criteria before we can respond.

Mr. CAO. Do you have a time line when these projects will be awarded, if they——

Mr. PROUTY. We definitely will. As soon as we get the legislation and know the criteria. We have got projects assembled and ready. As soon as we make the decisions, they are going to go fast.

Mr. CAO. And are there any requirements that would be that the companies that are awarded these contracts must come from the immediate area to ensure the dollars are returned to that community?

Mr. PROUTY. We can't specify that in particular, but with the amount of work and the many locations, we are confident that a lot of local firms are going to get the work.

Mr. CAO. Okay. And what other types of construction projects does GSA have in queue for the 2nd District outside of the stimulus package?

Mr. PROUTY. As far as the work we are doing in your district?

Mr. CAO. Correct.

Mr. PROUTY. We will have to get back to you on the record, if that would be okay.

Mr. CAO. That's fine. Thank you. That's all the questions I have.

Mr. PROUTY. Thanks.

Mr. ARCURI. Thank you, Mr. Cao.

A question for the panel, sort of a follow-up. We hear a lot about the new projects; we hear a lot about the shovel-ready projects. But I represent a very rural district and I am concerned about some of the smaller courthouses around the Country, the smaller post offices. What kind of steps are going to be taken to try to make, let's say, a small post office or a small courthouse, let's say in my district, in Utica, New York, more energy efficient? Mr. Kampschroer?

Mr. KAMPSCHROER. Thank you. We have a complete—not a complete, we have a very long list of possibilities that we are using to apply to every project we looked at, and we are looking at every building in the inventory for the possibility of increasing the energy performance and all the related sustainability goals that are articulated in the Energy Independence and Security Act.

We are also working with the National Renewable Energy Laboratory, which has an excellent modeling system which gives us a set of priorities so we can feed information into this system and get the best return and a prioritized rank of what makes sense to do in each individual building. And the third thing that we are doing is we are looking at establishing not just building specific projects, but also some conceptual projects, if you will, where we look at, for example, lighting or roofing, and we do many lighting and roofing projects in multiple buildings which may or may not be associated with the whole building modernization.

Mr. ARCURI. Not to put you on the spot, but other than replacing light bulbs, what kind of projects can you do in, let's say, a building that is a courthouse that is 100 years old? Would it be the kind of building that might be suitable for photovoltaic? And how would those decisions be made and who would make them?

Mr. KAMPSCHROER. Especially in older buildings, there are a number of opportunities, and when we talk about lighting replacement, it is not so much changing light bulbs as really changing the entire control systems associated with the lights. So in many cases we would be replacing lights with higher efficiency lights, but also ones that have ballasts that are sensitive to the lights so that they dim automatically when there is daylight in place.

Also, in a custom house, similar to an older courthouse in Maine, in the course of replacing some of the antiquated equipment in

there, we replaced it with geothermal systems, which are now saving 40 percent of the energy in that building, and that is another possibility, especially where chillers are in place. And we have, again, made arrangements through the Department of Energy to use the geothermal experts of Oak Ridge National Lab to augment our own internal expertise in this area.

Mr. ARCURI. Is geothermal a priority in terms of energy efficiency for your department?

Mr. KAMPSCHROER. It is. It is one of the acceleration programs that the Energy Independence and Security Act particularly pointed out. In 1995, the Government Accounting Office reported to Congress that geothermal technology was one of the overlooked possibilities for increasing energy efficiency, and the problem, of course, has been, in the past, familiarity and availability of the technicians to install them.

Now, that availability has gone down since that report was written. But also there is a higher initial capital cost associated with geothermal, which means that it tends to get forgotten sometimes. So that is why we have an acceleration program within the General Services Administration to emphasize that.

Mr. ARCURI. Thank you, sir.

Ms. Edwards.

Ms. EDWARDS. Thank you, Mr. Chairman.

I just have a couple of questions, first for Mr. Gordon. We met recently with a couple of your representatives from AIA, and I have talked with our local architects, and many of them are very frustrated, frankly, that when the fee payment comes along, that 10 percent of those fees are withheld. Maybe Mr. Prouty can answer this as well, but I am curious as to what goes into that decision, because a lot of our local architects are independent business people and they might use that extra 10 percent to invest in what they need to do to prepare for the next project.

So it leaves me with a little bit of concern that, particularly for small business, for minority business, for women-owned businesses, that they won't have the same capacity to compete from a design perspective and an engineering perspective, even with that small amount of 10 percent. So I am just curious as to what goes into that kind of decision.

Mr. GORDON. Well, speaking about it from the private sector perspective, cash flow in small businesses is always a critical issue, so one always looks to find ways to maintain a positive cash flow and not have to be borrowing money from banks, which is especially difficult these days. We understand that our clients have a significant and legitimate interest in having architects and engineers completely perform their services and be paid for the full value of the work that is done, and I think that that is quite possibly, from the owner's side, from the client's side, one of the reasons that the concept of a 10 percent retention is employed. But I would agree with you that it can make it difficult, particularly for small businesses, to be competitive and to grow.

Ms. EDWARDS. Mr. Prouty, is there a policy that GSA engages in that requires an automatic withholding, no matter what the work is?

Mr. PROUTY. There is not. We pay monthly in arrears based on work done that is verified. So that is why we are scrambling here. We are trying to figure out exactly what that refers to.

Ms. EDWARDS. Well, we can get back to you on some specific concerns that have been raised in our office.

Then, Mr. Prouty, my other question is about valuation. I mean, I am very concerned, for example, you look in this metropolitan region and at least one of the counties that I represent seems to not get the same value for land for dollar as other jurisdictions. And we can pursue this outside of this hearing, but I am very concerned about that and I want to put that on the record, because then when it comes to obtaining new opportunities in your priority list, I am concerned that at least one of the counties that I represent is going to be completely left out of the picture.

Moreover, I think I have a question that goes back to Mr. Oberstar's concern about leases. I understand where you have a lease that the lease is a private owner and you are leasing the building, but on these longer term leases that GSA has, if the building isn't energy efficient and you can't incentivize the owner to retrofit that building, it seems to me, without knowing any numbers, that the taxpayer cost over time for that leasehold for energy costs really greatly outweighs what is happening on the lease side. So I wonder if there is some way that you might consider, in these longer term leases, incentivizing those owners to retrofit the buildings; not for their benefit, but for a taxpayer benefit.

Mr. PROUTY. The question I was answering previously had to do, I thought, at least, with the funds that we might expend on lease properties, which we are not. But we do cause incentives. We do write the spec. We are increasingly writing specs that require increased energy efficiency. Obviously, there is a concern about existing inventory and causing people not to be able to compete because of those requirements, so we try to balance that.

Ms. EDWARDS. All right. And then, lastly, as you are using this money, again going to transparency and accountability, in the States with the highway funds, virtually every one of our counties in my State has an idea of whether the projects in their jurisdictions are on the priority list, because it is developed by the governor, it is submitted to the Department of Transportation, so everybody knows what the priorities are on the list. And, really, we have no clue what the priorities are on the GSA list.

And I understand we don't have the legislation yet, but it does seem to me that there are a set of factors that go into determining what those priorities are and that there is some weighting given to those factors, and I would like to explore with a little bit more detail what the weighting is, what the factors are so we actually might be able to predict in some ways what kinds of projects might end up on the priority list.

Mr. PROUTY. Mr. Costa will respond.

Mr. COSTA. We did some preliminary work and did provide some project information early on, in December, when discussions first started occurring about a stimulus package. We have been running at 180 miles an hour just to get additional information on projects. We expect, in the coming weeks, that it would be a great idea to both talk about some specificity on criteria that we are applying to

those projects and also giving an overview of the projects, where they are, potential scopes, obviously without a conclusion, but to give you all an overview of what we are looking at. It makes perfect sense. We have just been so caught up, frankly, in pulling together information and verifying it that we hadn't really had the time to do that, but we can.

Ms. EDWARDS. My last comment is that it would be—I mean, there has to be some more empirical basis beyond the subjectivity of my building or this courthouse or that building in my district needs to be on the list, and we can't even answer questions that come from our districts about what is on and why one thing would be prioritized over another thing. So it would be very helpful to have that kind of empirical look at how the decision will be made. Thank you.

Mr. COSTA. We feel confident that we can provide that, so we will. Thanks.

Mr. ARCURI. Thank you, Ms. Edwards.

Mr. Perriello.

Mr. PERRIELLO. Thank you so much. And thank you to all of our witnesses today for all the time you have put into preparing this. A few quick questions.

First of all, looking at the overall strategy of economic recovery and the part that is under consideration today, do you feel confident that were the Government functioning as a private business and this were the board of directors, that you would be able to recommend and defend the projects that we are talking about as ones that are going to be good for business going forward?

Mr. PROUTY. We absolutely do.

Mr. PERRIELLO. And related to that, is there a situation here, looking at the next, say, 18-month period, where we have actually seen construction and other costs dropping in such a way that some projects would be coming in under the budgets that had previously been estimated? And if so, what scale of savings might we be seeing on that?

Mr. COSTA. We are revisiting project costs right now, so we have seen some drops, and that will be accounted for in the project listing that we provide to you all in 30 or 60 days, whenever we are required to provide it. So I think those project budgets will already reflect a certain decline, so you will see those on the projects listing.

Mr. PERRIELLO. And related to that, is there a scale that we could take this to beyond this recovery that would not produce, say, inflationary costs or not lead to projects that we couldn't defend? What do you think would be the overall investments that would be needed over the next couple of years in these areas?

Mr. COSTA. We would love to continue to get billions of dollars to do infrastructure work on our inventory. We have a significant backlog and as you will see in our interim information and on our project listing, we will certainly have much, much more work to do not only when it comes to increasing energy efficiency, but just basic infrastructure building systems. So, yes, we think we could spend a fair amount more and spend a fair amount that would achieve a great return to the Government and taxpayers.

Mr. PERRIELLO. And one additional question that has come up earlier, which is the issue of making sure small towns and rural communities are not left out of the equation. Sometimes, when we get down to the biggest bang for the buck in terms of job creation, the 20 percent of the Country that are small towns and rural communities, much in my district, will not be up on that priority list. What guarantees, if any, can you give us that we will be seeing representation from those parts of the Country as well?

Mr. PROUTY. We are mindful of our responsibility to make sure that this covers the entire Country.

Mr. PERRIELLO. Thank you.

Mr. ARCURI. Thank you, Mr. Perriello.

I just have a couple more questions. Could someone tell me a little bit about energy savings performance contracts?

Mr. KAMPSCHROER. Energy savings performance contracts, which were permanently authorized in the Energy Independence and Security Act, act as a method for private sector financing of capital improvements in buildings. We have used them in GSA. The Department of Energy has just recently rewarded what is called the super ESPC contract, and we issue task orders against that. We have several energy savings performance contracts that are ongoing right now and we intend to continue with those as well.

Mr. ARCURI. Now, the President has called for retrofitting 75 percent of Federal buildings. Both the House and the Senate stimulus packages allocate billions in stimulus to the GSA for projects with the greatest impact on energy efficiency and conservation. I am concerned that the current language in the stimulus may not achieve the intended results. Do you think we can leverage more efficiency and more jobs if we encourage comprehensive projects like the energy savings performance contracts?

Mr. KAMPSCHROER. We intend to continue using energy savings performance contracts, as there will still be work to be done, as Mr. Costa mentioned earlier, in addition to the stimulus. So we will continue to do that, and they are already authorized in the bill, and the tools and techniques have been provided both inside GSA and through the Department of Energy.

Mr. ARCURI. Do you think they can leverage more jobs, though?

Mr. KAMPSCHROER. Certainly, because the investment is coming from other sources.

Mr. ARCURI. Now, it seems to me that additional efficiency and job creation can be obtained with leveraging private sector dollars, particularly on projects where savings are measured, verified, and guaranteed, such as with the ESPCs. This seems to me a very responsible use of Government stimulus dollars. Is the GSA planning to fully utilize the ESPCs to reach its energy efficiency goals? And will the GSA solicit the assistance of the Department of Energy Federal Energy Management Program to achieve these goals?

Mr. KAMPSCHROER. We will solicit their assistance. In fact, we have been having ongoing discussions with them on how to best do that since, certainly, this summer, at the very least, to try and coordinate their activities with our activities and the award of the new contract, which they just awarded in December. We have had ongoing discussions with Mr. Kidd, who runs the Federal Energy Management Program in the Department of Energy. We meet with

them monthly on the interagency task force on energy management, as well as monthly on the interagency sustainability working group to coordinate our activities not just between ourselves and the Department of Energy, but also across the entire Federal Government.

Mr. ARCURI. Will the GSA be able to ensure compliance with the Federal building provisions in the Energy Independence and Security Act of 2007?

Mr. KAMPSCHROER. These are in the forefront of our thinking in the examination of every project and one of the reasons that we are looking at some of the older designs to make them better and also meet the requirements of the Energy Independence and Security Act, yes, sir.

Mr. ARCURI. I ask unanimous consent to insert two letters into the record from the Green Building Council. There being no objection, so admitted.

Any other questions?

[No response.]

Mr. ARCURI. The hearing is adjourned.

[Whereupon, at 11:00 a.m., the Subcommittee was adjourned.]

**OPENING STATEMENT OF**
**THE HONORABLE RUSS CARNAHAN (MO-03)**
**HOUSE TRANSPORTATION AND INFRASTRUCTURE COMMITTEE**
**SUBCOMMITTEE OF ECONOMIC DEVELOPMENT, PUBLIC BUILDINGS, AND EMERGENCY MANAGEMENT**

**Hearing on**
GSA's Economic Recovery Role: Job Creation, Repair, Energy Efficiency in Federal Buildings and Accountability

Wednesday, February 11, 2009
2167 Rayburn House Office Building

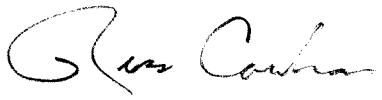
Chairwoman Norton and Ranking Member Diaz-Balart, thank you for holding this important hearing on the Government Services Administration's (GSA) role in our nation's economic recovery.

I share the sentiment of most member of this committee that key to our nation's economic recovery is an investment in our infrastructure. Maintenance of our public buildings must play a key role to creating and maintaining jobs. The investment made in the GSA by the American Recovery and Reinvestment Act will not only create numerous construction jobs, but invests in green infrastructure saving the government money over the long term.

Nationwide the construction sector has felt the impact of the downturn in our economy. According to the Bureau of Labor Statistics as of January 2009, there are nearly 1,750,000 unemployed construction workers in the country, and an unemployment rate of 18.2 percent – the highest of any industrial sector. Any recovery package passed by Congress must invest in creating jobs for these unemployed construction workers.

As the co-chair of the High Performance Building Caucus I am particularly happy to see the American Recovery and Reinvestment Act invest in GSA construction projects, which are focused on green and energy efficient repair and alternation projects. These projects will help reduce the nation's federal energy bill, saving the taxpayers money at the same time as they reduce our dependence on foreign oil.

In closing, I want to thank our witnesses for joining us today and I look forward to hearing their testimony.



*Rep. Mario Diaz-Balart*
*Statement on Economic Recovery*
*Hearing – "GSA's Economic Recovery Role: Job Creation, Repair, and Energy Efficiency in Federal Buildings and Accountability"*
*February 11, 2009*

- **I thank Chairwoman Norton for holding this hearing today on GSA's economic recovery role.**

- **We must ensure effective oversight to avoid wasteful spending of taxpayer dollars. We can not afford a TARP repeat. In this case, Congress is proposing spending billions more and we have an obligation to ensure these funds will be used appropriately and not wasted.**

- **Last month, the House passed the American Recovery and Reinvestment Act. Yesterday, the Senate passed what is being called a "compromise."**

- **While the stated purpose of this legislation is to create jobs and promote economic recovery, there are real questions as to the whether the various proposals would, in reality, provide the taxpayers with the best return on their investment.**

- **Specifically, we are focusing today on the General Services Administration. The House-passed bill includes $7.7 billion for the Federal Building Fund. The Senate is now proposing $5.5 billion. In addition, there are billions more going directly to other agencies for their capital projects.**

- **While the proposals provide additional funding to the Inspectors General and include transparency provisions, I am still concerned that provisions that would provide**

**for meaningful congressional oversight of capital projects are not included in the legislation.**

- **We know that at the Full Committee hearing last month on the stimulus proposal, the GAO recommended three guiding principles for GSA projects:**
  **(1) create well-defined goals based on identified areas of interest,**
  **(2) incorporate performance and accountability into funding decisions, and**
  **(3) employ the best tools and approaches to emphasize return on investment.**

- **None of these practical suggestions to help avoid wasteful spending of taxpayer dollars has been incorporated into the legislation. Instead, we have mechanisms that will only serve to highlight problems after money is already obligated or spent.**

- **We know that the potential for waste is huge. Federal real property has been on the GAO's high risk list since 2003. And, according to the GAO, long-standing problems in the federal real property area have multi-billion-dollar cost implications.**

- **Unfortunately, the proposals pending in Congress would appropriate billions of dollars with little accountability. The funds for GSA will be going into the hands of GSA bureaucrats to spend however they see fit.**

- **In fact, there seems to be little that would prevent the funds from being used for projects this Committee intentionally rejected.**

- **We can and should hold oversight hearings like today's hearing, but we know that GSA will be responding to competing interests. And, given explicit language in the Senate proposal regarding courthouses, GSA could very well decide to spend $1 billion on a single project that this committee repeatedly refused to approve because of its wasteful nature.**

- **While such a project would be reported to the Appropriations committees and posted on the newly created Recovery.gov website, not even the standard checks and balances normally in place for such projects will apply.**

- **The proposed bill not only ignores the prospectus process normally required for such projects, this Committee is not even included in the reporting requirements mandated in the legislation.**

- **Another concern that I have relates to whether the proposal focuses enough on the actual creation of jobs, which is the stated purpose of the legislation.**

- **For example, while energy efficiency is something that the Federal government should strive for, it seems that energy efficiency and conservation is given greater consideration in the pending proposals than is job creation.**

- **The House-passed bill gives priority to projects that will create the greatest impact on energy efficiency and conservation. The Senate version goes even further to require that nearly half of the proposed funds are used to convert GSA facilities into High-Performance Green**

**Buildings, as defined by the Energy Independence and Security Act.**

- **While creating efficient buildings is a noble goal that may have long-term benefits, it seems to trump consideration of the immediate need for job creation and stimulus.**

- **If we are going to spend billions of taxpayer dollars to stimulate the economy and create jobs, we should have a bill that ensures such a stimulus effect is maximized.**

- **One option, for example, is using acquisition as a stimulus. While the proposed bills do not explicitly mention acquisition of property as an option, they do allow for projects authorized under existing GSA authorities, which include acquisition.**

- **Such authorities should be encouraged and I am pleased that GSA in its testimony says that it is exploring acquisition as an option.**

- **There are many development projects that have either stalled or are at risk because of the economy. This potentially creates an opportunity for the taxpayer to acquire needed property, at significant savings.**

- **At the same time, such investments will help to stabilize economic development projects that local economies are relying upon to revitalize neighborhoods and create sustainable jobs.**

- **However, I remain concerned. This legislation could be a good opportunity to put in place real solutions that may help address ongoing challenges related to real property**

**management. Instead, the proposed legislation seems to do little to address these concerns and, in fact, may lead to more wasteful spending.**

- **We should not repeat the TARP mistake of writing a blank check. There must be meaningful oversight and accountability.**

- **I am drafting a resolution that will, at the very least, provide some direction to GSA on avoiding wasteful projects and spending. The resolution would make clear that funds should not be spent on projects this Committee has rejected, include this Committee on any reporting requirements, and ensure that we know the number of jobs each project will generate.**

- **I would hope that this resolution could be a first step in providing some guidance to GSA and minimize the very real chance of wasteful spending. I plan to introduce this resolution later today and I hope that other members of this Committee join me in sponsoring it.**

- **While there are worthy and necessary projects in the pipeline that need to be funded and which may help to support needed jobs, we must ensure that such large commitments of taxpayer dollars are properly used and managed. And, we must ensure that the priority is job creation.**

- **I hope these issues can be addressed and look forward to hearing from the witnesses on these and other issues.**

**Thank you.**

**ELEANOR HOLMES NORTON**
DISTRICT OF COLUMBIA

**COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE**
SUBCOMMITTEES:
CHAIRWOMAN
ECONOMIC DEVELOPMENT, PUBLIC BUILDINGS, AND EMERGENCY MANAGEMENT
AVIATION
WATER RESOURCES AND ENVIRONMENT

**Congress of the United States**
**House of Representatives**
**Washington, D.C. 20515**

**COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM**
SUBCOMMITTEES:
FEDERAL WORKFORCE, POSTAL SERVICE, AND DISTRICT OF COLUMBIA
* COVERS DISTRICT OF COLUMBIA ISSUES

**COMMITTEE ON HOMELAND SECURITY**
SUBCOMMITTEES:
TRANSPORTATION SECURITY, AND INVESTMENT PROTECTION
EMERGENCY COMMUNICATION, PREPAREDNESS, AND RESPONSE

**STATEMENT OF**
**THE HONORABLE ELEANOR HOLMES NORTON**
**CHAIR, ECONOMIC DEVELOPMENT, PUBLIC BUILDINGS, AND EMERGENCY MANAGEMENT SUBCOMMITTEE**
**SUBCOMMITTEE HEARING**
**FEBRUARY 11, 2009**

**"GSA'S ECONOMIC RECOVERY ROLE: JOB CREATION, REPAIR AND ENERGY EFFICIENCY IN FEDERAL BUILDINGS AND ACCOUNTABILITY"**

The General Services Administration (GSA) provision for energy efficiency repairs and construction of federal buildings in the American Recovery and Reinvestment Act (H.R.1) is a classic example of stimulus spending by government that has the best proven record for meeting three stimulus tests simultaneously: to provide jobs; to stimulate the economy broadly; and to meet the existing responsibilities of governments for infrastructure. This job creation bill can revive the construction sector of our economy and the infrastructure jobs created, in turn, will feed and help revive other sectors down the line.

Moreover, unlike the other necessary work funded in the bill, which is large delegated to states and localities, the GSA section provides funds for federal facilities for which the federal government alone is responsible and accountable. The GSA infrastructure provision provides funds from the federal government directly to a federal agency, the GSA, for maintaining and upgrading essential federal facilities of various kinds found in every state. The House passed version of H.R. 1 authorizes $7.7 billion for alteration and construction nationwide, guided by the goal that the funds and activities have the maximum effect on energy efficiency and conservation consistent with the funding provided. Border stations receive $1 billion with the same energy efficiency mandates, and the GSA Inspector General receives $15 million to participate in the oversight, auditing, and reporting requirements of the bill.

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The Senate amended version of the bill currently contains $5.5 billion, too little in light of the job creation purpose of the bill and the needs of the federal government the bill addresses. Of that amount, the Senate would dedicate $1.2 billion for construction and repair of border stations, and $2.5 billion for "measures" necessary to convert GSA facilities to high performance green buildings, as defined in the Energy Act. There is an amount identified as $1.4 billion for federal buildings and courthouses. We are left to assume that the Senate version is guided by the President's stated energy efficiency goals for this section of the stimulus, but the energy efficiency requirement, as well as a mandate for energy savings and job creation, should be stated explicitly, as the House version does. The Senate language concerning "measures" to assure high performance green buildings needs to be tightened so that taxpayers are assured that funds will go directly to jobs and infrastructure and not, for example, to spending on consultants or studies, which would undermine the purposes of the American Recovery and Reinvestment Act.

Notably, President Obama, in his many appearances concerning this bill almost always mentions making federal buildings energy efficient. On Monday, his first prime time press conference to the nation as president, the President went out of his way to answer critics of funds for federal buildings. He said, "when people suggest… [it would be] a waste of money to make federal buildings more energy-efficient, Why would that be a waste of money? We're creating jobs immediately by retrofitting these buildings… and we are saving taxpayers when it comes to federal buildings potentially $2 billion… we're reducing our dependence on foreign oil in the Middle East. Why wouldn't we want to make that kind of investment?"

It is understandable why President Obama focuses on energy savings. Otherwise, the federal government is directly responsible for wasting taxpayer funds on high energy costs associated with lighting, heating, air conditioning and other energy needs for federal buildings, that range from warehouses to office buildings. And, the federal government is directly and needlessly subsidizing Mideast oil cartels, with massive amounts of purchases every day that it delays the implementation of energy efficient systems known to yield large energy savings in only a few years.

GSA's backlog of needs to repair and maintain its vast inventory has grown exponentially, and with it, needless spending created by inefficient energy sources. Our staff has worked closely with GSA to assure that its repair and rehabilitation projects can be implemented quickly while providing many jobs at a variety of skill levels, meeting the primary purpose of the bill to

provide jobs which stimulate the economy. Among the jobs associated with GSA construction projects are plumbing, electrical, mechanical, carpentry, and sheet metal work and today a variety of green jobs at various skill levels. I have an amendment in this bill for pre-apprenticeship and apprenticeship on-the-job training. This amendment is important because the federal government ceased funding training programs 25 years ago and therefore bears significant responsibility for the profile of the construction sector, which is largely white and male. The modest training funds in this bill will allow minorities and women who have not been trained in the skilled trades in significant numbers to get a foothold in the construction industry. Ironically, the construction trades had experienced a shortage of skilled workers until this recession. My amendment will prevent antagonism and controversy between minorities and women on the one hand, and the large number of unemployed construction workers on the other. The amendment also is necessary because Title VI of the 1964 Civil Rights Act bars the use of federal funds for jobs and contracts that may involve discrimination against minorities and women.

The GSA provisions of the House bill require that each project contain a significant energy component and will help put the federal government procurement in a leadership position for energy efficient buildings and allow taxpayers to receive the rewards of lower energy costs. Our focus on the repair and alteration of existing federal buildings can also help preserve the valuable federally owned inventory for occupancy and other vital needs. Repairing valuable federal real estate in time will reduce GSA's growing dependence on leasing that is the direct result of the neglect and deterioration of its owned inventory. Leasing, instead of ownership, leads to depletion of the Federal Building Fund, the source for funding for repair and alteration. Thus, the repair of the nation's public buildings presents a unique opportunity to bolster the Federal Building Fund, which in turn provides funds for maintenance, repair and preservation of these same federal buildings.

This recovery act will jump start an urgent round of energy oriented repairs of valuable buildings, ensuring that they remain viable capital assets. Today's hearing is as important as any concerning the funds in this comprehensive stimulus bill because unlike other funds in the American Recovery and Reinvestment Act, GSA, itself, not the states, will be administering these funds. This subcommittee intends to provide frequent, direct, vigorous oversight of GSA's capital priorities. GSA transparency in all decision making will be mandatory, including the buildings it intends to repair, the nature of the alteration work, and the green building measures that the agency plans to implement. We begin the necessary oversight today, evaluating

the rationale and details of the GSA. By the way we conduct our oversight, the American people will be able to judge for themselves whether government resources are being used to achieve the explicit goals of the bill.

This morning we have invited not only the GSA representatives responsible for carrying out the mandate of the American Recovery and Reinvestment Act. We have asked for a representative of an agency that will benefit to give us a real time and accurate idea of what these funds can accomplish. In addition, we have invited a witness from outside the government to help us reach for objective measures of best practices. We look forward to learning what needs to be accomplished and how it will be done. We are grateful to all of today's witnesses for their testimony.

**STATEMENT OF**
**THE HONORABLE JAMES L. OBERSTAR**
**COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE ECONOMIC DEVELOPMENT, PUBLIC BUILDINGS, AND EMERGENCY MANAGEMENT SUBCOMMITTEE**
**SUBCOMMITTEE HEARING**
**FEBRUARY 11, 2009**
**"GSA'S ECONOMIC RECOVERY ROLE: JOB CREATION, REPAIR AND ENERGY EFFICIENCY IN FEDERAL BUILDINGS AND ACCOUNTABILITY"**

For more than a year now, the Committee on Transportation and Infrastructure has worked to ensure that infrastructure investment programs play a key role in our nation's economic recovery and lay out the case for maintaining public buildings playing a key role in creating and retaining jobs. Today's hearing is a step in that direction by indentifying the important role that GSA will play in the economic recovery.

Earlier this week, the Senate passed the "American Recovery and Reinvestment Act of 2009" which will now be in conference with House version of the bill that was passed last week. Also earlier this week, at his press conference, President Obama explicitly acknowledged the importance of GSA's investment in federal buildings and the three fold benefits of jobs, energy savings, and increased value of the federal inventory.

The Associated General Contractors of American have testified before this committee that $1 billion in nonresidential construction creates or sustains 28,500 jobs. Given that the Department of Labor indicated earlier this month that the unemployment rate is 7.6%, the $7.7 billion for GSA construction projects in the

House legislation is especially necessary to maintain and grow this economy. The GSA projects also carry the added bonus of being focused on green and energy efficient repair and alteration projects which will save money on energy long term. The federal government is the largest consumers of energy in the United States so by making federal buildings more energy efficient, jobs are created and the nation's energy bill is reduced.

As stated previously, I have proposed an aggressive timetable for the use of funds, with both the House and Senate bills calling for the obligation of funds within 18 months of enactment of the bill. I believe that GSA has the capacity to disburse these funds, with ready to go, shovel ready projects. I am certain that General Services Administration, under President Obama's leadership, will make the distribution of economic recovery funds one of their highest priorities. This committee, through aggressive oversight, will also push GSA to obligate these funds in the quickest most responsible way possible.

I am also supportive of this program because it would allow GSA to bolster its management of its capital asset portfolio. In previous hearings I have expressed my concern with GSA leaving federally owned space for leased office space because of the deteriorating condition of federal buildings. When the federal government leases space it has the dual impact of greater costs in housing federal agencies and reducing outlays to the Federal Building Fund which is used to fund construction, repair and alteration projects within the federal inventory.

I look forward to hearing the testimony of today's witnesses and discussing how we can ensure that the construction funds have the intended effect -- of creating good, family-wage jobs as quickly as possible, while also improving our deteriorating public buildings infrastructure and laying the foundation for our future economic growth.

# THE AMERICAN INSTITUTE OF ARCHITECTS

STATEMENT OF
HARRY GORDON, FAIA

## "GSA's Economic Recovery Role: Job Creation, Repair, and Energy Efficiency in Federal Buildings and Accountability"

House Committee on Transportation and Infrastructure
Subcommittee on Economic Development, Public Buildings, and Emergency Management

-

February 11, 2009
2167 Rayburn House Office Building

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**Introduction**

Chairwoman Norton, Ranking Member Diaz-Balart, and members of the subcommittee — good morning. I am Harry Gordon, FAIA, LEED AP, Chairman of Burt Hill, an international architecture and engineering firm, appearing on behalf of the American Institute of Architects (AIA).

On behalf of our 86,000 members and the 281,000 Americans who work for architecture firms nationwide, I would like to thank you for the opportunity to appear today to share our views on the job creating potential that greening federal buildings brings.

My architectural firm, Burt Hill, has designed over 10 million square feet of buildings nationwide that incorporate green building features. These buildings:

- Save 40-50% of the energy used by regular buildings.
- Save up to 80% of municipally-supplied water
- Reduce the burden on sewage treatment facilities
- Reduce storm water run-off
- Release less pollution, reducing ozone alert days and global warming
- Provide healthy and productive working and living spaces for people
- And generally do not cost more than conventional buildings

I speak before you at a critical juncture in our nation's history. The twin crises of a collapsing economy and the threat of climate change present us a challenge that we need to face; but also an opportunity to take bold steps that will strengthen our country and its people for years to come.

I do not have to explain to you the impact that this economic crisis is having on millions of hard-working Americans. The design and construction industries have been particularly hard-hit, losing 111,000 jobs this January alone and nearly 750,000 in the past year.[1] The AIA's Architecture Billing Index, which tracks design work at U.S. architecture firms and serves as a leading indicator of construction activity 9 to 12 months down the road, has remained at historically low levels for more than a year.

At the same time, the challenges we face on the energy and climate fronts are no less severe. According to the Department of Energy's Energy Information Administration,

buildings and their construction are responsible for nearly half of all greenhouse gas emissions produced in the U.S. every year. DOE's Building Energy Data Book reveals that the building sector accounts for 39 percent of total U.S. energy consumption, more than both the transportation and industry sectors.[2] The same study found that buildings are responsible for 71 percent of US electricity consumption and that Buildings in the United States alone account for 9.8 percent of carbon dioxide emissions worldwide.[3]

In fact, according to the Department of Energy, U.S. buildings account for nearly the same amount of carbon emissions as all sectors of the economies of Japan, France, and the United Kingdom *combined.*[4]

*Buildings Energy Data Book: 3.1 Carbon Emissions* *September 2006*

**3.1.1 Carbon Dioxide Emissions for U.S. Buildings, by Year (10^6 metric tons of carbon) (1)**

| | Buildings | | | | U.S. | | | |
|---|---|---|---|---|---|---|---|---|
| | Site Fossil | Electricity | Total | Growth Rate 2004-Year | Total | Growth Rate 2004-Year | Buildings % of Total U.S. | Buildings % of Total Global |
| 1980 | 172.0 | 255.2 | 427.1 | - | 1281.7 | - | 33% | 8.5% |
| 1990 | 153.7 | 317.2 | 470.9 | - | 1359.7 | - | 35% | 8.1% |
| 2000 | 167.4 | 426.2 | 593.5 | - | 1581.3 | - | 38% | 9.1% |
| **2004** | **164.7** (2) | **443.4** | (2) 608.1 | - | **1610.2** | - | 38% | 9.8% (3) |
| 2010 | 168.0 | 502.5 | 670.5 | 1.6% | 1737.1 | 1.3% | 39% | 8.6% |
| 2015 | 174.8 | 535.3 | 710.1 | 1.4% | 1833.4 | 1.2% | 39% | 7.7% |
| 2020 | 179.6 | 577.2 | 756.8 | 1.4% | 1942.9 | 1.2% | 39% | 7.5% |
| 2025 | 182.5 | 627.0 | 809.5 | 1.4% | 2070.6 | 1.2% | 39% | 7.4% |
| 2030 | 186.0 | 686.2 | 872.2 | 1.4% | 2214.6 | 1.2% | 39% | 7.3% |

Note(s): 1) Excludes emissions of buildings-related energy consumption in the industrial sector. Emissions assume complete combustion from energy consumption and exclude energy production activities such as gas flaring, coal mining, and cement production. 2) Emissions differ from EIA, AEO 2006, Feb. 2006 by less than 0.1%. 3) U.S. buildings emissions approximately equal the combined carbon emissions of Japan, France, and the United Kingdom.

Source(s): EIA, Emissions of Greenhouse Gases in the U.S. 1985-1990, Sept. 1992, Appendix B, Tables B1-B5, p. 73-74 for 1980; EIA, Emissions of Greenhouse Gases in the U.S. 2003, Dec. 2004, Tables 7-11, p. 26-31 for 1990 and 2000; EIA, Assumptions to the AEO 2006, Mar. 2006, Table 2, p. 6 for carbon coefficients; EIA, AEO 2006, Feb. 2006, Table A2, p. 134-136 for 2004-2030 energy consumption and Table A18, p. 160 for 2004-2030 emissions; EIA, International Energy Outlook 2006, June 2006, Table A10, p. 93 for 2003-2030 global emissions; and EIA, International Energy Annual 2004, July 2006, Table H1, www.eia.doe.gov for 1980-2000 global emission.

Department of Energy

Therefore, if we in the United States want to be serious about energy efficiency and energy reductions, buildings *must* become a significant part of the discussion. To reduce energy consumption in the building sector, the AIA believes that architects must advocate for the sustainable use of our Earth's resources through their work for clients. To support this principle, in December 2005, the AIA adopted an official Institute position stating that all new buildings and major renovations to existing buildings be designed to meet an immediate 50 percent reduction in fossil fuel-generated energy (compared to a 2003 baseline) and that at five year intervals, that reduction target be increased by at least 10

percent until new and renovated buildings achieve carbon neutrality in 2030. Architects across the country have embraced this principle and are currently utilizing design practices that integrate built and natural systems that enhance both the design quality and environmental performance of the built environment.

But in order to truly revolutionize the way our nation designs buildings, the public sector, especially the federal government, must also play a role.

Recognizing that greening federal buildings provide benefits both for job creation and energy efficiency, President Obama has called for the economic recovery plan to include funds to help retrofit 75 percent of federal buildings to make them energy efficient. The House of Representatives included $7.7 billion for the GSA's Federal Buildings fund in H.R. 1, the American Recovery and Reinvestment Act (ARRA), of which at least $6 billion of so go to making federal buildings high performing. The Senate Appropriations Committee followed suit, including a total of $9.048 billion for the Federal Buildings Fund, of which at least $6 billion was to go to high-performing federal buildings.

As you know, however, the Nelson-Collins compromise amendment to the Senate version of ARRA dramatically cuts these funds, reducing the amount for the Federal Buildings Fund to $5.548 billion and funds for high-performing federal buildings to $2.5 billion.

The AIA, along with its partners in the design and construction industry, believe that this decision, made behind closed doors without public consultation or review, is short-sighted and contrary to the stated goals of the ARRA, including the primary goal: job creation. And nearly 30 design and construction industry and environmental groups, representing hundreds of thousands of American workers, agree. These groups came together and sent a letter to Congress supporting infrastructure investments in our nation's federal buildings. This letter is attached to my testimony.

I would like to spend some time discussing why we believe that a significant investment in green federal buildings as a part of economic recovery legislation is not only warranted, but vital for the continued economic and environmental health of the nation.

**The Need for Green Federal Buildings**

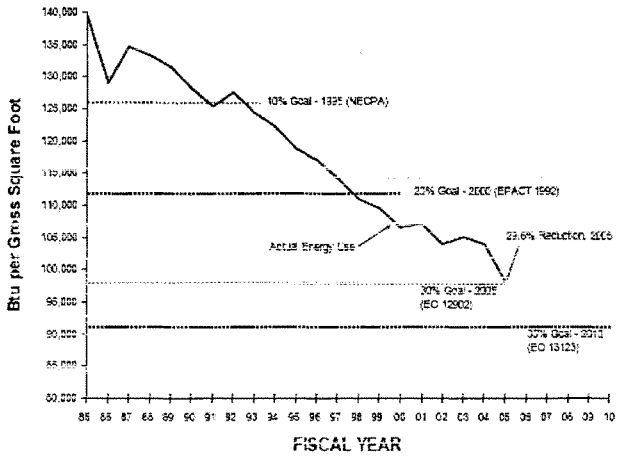
The General Services Administration is the largest landlord in the nation, with more than 352 million square feet of space in 8,600 buildings in more than 2,200 communities across the country. Requiring significant energy reduction targets in new and renovated federal buildings has demonstrated that the federal government is leading by example. It helps spur the development of new materials, construction techniques, and technologies to make buildings more energy efficient. And it has shown that significant energy reductions are both practical and cost-effective.

Congress has made major strides in this area in recent years. The 2005 Energy Policy Act (P.L. 109-190) calls for federal agencies to reduce their annual energy consumption by two percent each year from FY2006 to FY2015 and to design buildings to be 30 percent below ASHRAE 90.1 or the International Energy Conservation Code if life-cycle cost-effective, among other provisions. The Energy Independence and Security Act of 2007 (P.L. 110-140) accelerated those requirements and adds a new requirement that all new and significantly renovated federal buildings meet a series of fossil fuel reductions, starting with a 55 percent reduction over a 2003 baseline by 2010, leading up to a 100 percent reduction, or carbon-neutrality, by the year 2030. The bill also created an Office of High-Performing Federal Buildings in GSA.

Some have argued that the federal government is not able, or willing, to meet aggressive energy efficiency goals. The record shows this not to be the case. Energy reduction requirements like these have shown a record of success, as demonstrated by DOE's annuals report to Congress on Energy Management and Conservation programs. DOE found that in 2005, federal agencies responding to President Clinton's 1999 Executive Order had reduced their consumption levels by 29.6 percent, narrowly missing the goal established by President Clinton's Executive Order by only .4 (point 4) percent [see

graph below]. This makes it clear that when they are required to do so, federal agencies have the ability to meet reduced energy consumption targets.

**Overall Government Progress Toward the Energy Efficiency Goals for Standard Buildings, FY 1985 through FY 2005**
(Certain types of renewable energy purchases are treated as energy reductions)




U.S. Department of Energy

In addition, there are those who say that the federal government's efforts to design and construct high performance buildings are out of step with the private sector.

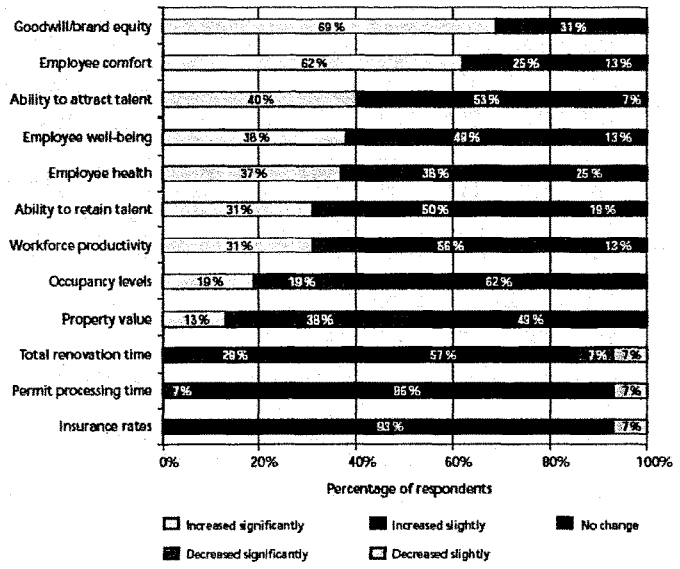
Again, the facts speak otherwise. A 2007 survey of corporate real estate professionals by the trade magazine *Building Design & Construction* with CoreNet Global found that eight in 10 respondents had incorporated sustainable design in their construction and renovation projects, 32 percent had done so "extensively," and only three percent had no plans to incorporate green elements into future projects.[5] There are some very simple reasons for this: the private sector knows that green buildings are better for their employees, better for their clients, better for business and better for the environment.

An April 2008 study by the CoStar Group found that buildings that were certified as meeting the Leadership in Energy and Environmental Design (LEED) sustainable ratings

system see rent premiums of $11.24 per square foot over their conventional building competitors, and have a 3.8 percent higher occupancy rate. Some LEED-certified buildings in the study also sold for an average of $171 more per square foot than their conventional competitors.[6] This shows that the value of a building increases – and increases dramatically – when the owner goes green.

The private sector has seen additional benefits as well. A 2008 study by Deloitte and Charles Lockwood surveyed a number of organizations that had undergone at least one retrofit that was LEED-certified. Ninety-three percent of respondents reported a greater ability to attract talent, 81 percent reported greater employee retention, 87 percent reported an improvement in productivity, and 75 percent saw an improvement in employee health (see chart, below). In addition, 73 percent reported that they had achieved cost reductions as a result of implementing green measures.[7]

**Figure 5.** Impact of green retrofit




Deloitte/Charles Lockwood, The Dollars and Sense of Green Retrofits

The environmental benefits of high performance buildings are well documented. Recent studies have shown that green buildings offer many more benefits, particularly to worker health and productivity.

A study by Herman-Miller showed up to a seven percent increase in worker productivity following a move to a green, daylit facility.[8] In addition, a Lawrence Berkeley National Laboratory study found that U.S. businesses could save as much as $58 billion in lost sick time and an additional $200 billion in worker performance if improvements were made to indoor air quality.[9]

It is clear that designing and retrofitting office buildings to be energy efficient and sustainable has a premium that goes far beyond the environment. It is good for business and it is good for the economy.

**The Costs and Benefits of Building Green**

The primary concern that my fellow architects and I hear from clients about building "green" is cost. It is true that some energy efficient building systems do cost slightly more than their traditional counterparts. However once the building is in operation, the savings in energy expenditures alone often far outweigh the initial costs of installing "green" systems.

According to a 2003 study by Capital E, an initial upfront investment of up to $100,000 to incorporate green building features into a $5 million project would result in a savings of at least $1 million over the life of the building, assumed conservatively to be 20 years.[10] Other sources, most importantly the noted cost consultant Davis Langdon, have found through their research that the cost of sustainability is statistically insignificant to a project's total cost.[11]

The economic value of energy reductions from federal buildings can be seen by looking at previous energy reduction mandates in federal buildings. Because of federal legislation and President Clinton's 1999 Executive Order, federal agencies consumed

nearly 30 percent less energy per square foot in 2005 compared to 1985. As a result of this improved energy efficiency, the federal government spent approximately $2.2 billion less on energy costs in standard federal buildings in 2005 than they did in 1985. While there are clearly other factors aside from federal energy management activities that go into this reduced spending, improved energy efficiency and energy reduction clearly played a large role.

Lastly, it is important to note that designing and retrofitting commercial buildings to be energy efficient does work. The DOE Office of Energy Efficiency and Renewable Energy has identified several case studies of commercial buildings that have undergone energy efficiency construction or retrofits. They find that actual energy cost savings – not predicted or theoretical, but actual – to be as high at 67 percent. For private owners, that is money right back into their pocket. For federal buildings, that is saving taxpayer's money. [12]

**The Job Potential of Green**

Last but not least, investing in the design, construction and renovation of federal buildings will create thousands of jobs in the design and construction industry at a time when this sector has all but collapsed.

A study conducted by the Center for Regional Analysis at George Mason University states that each $1 million in construction spending supports 28.5 full-time jobs. This means that the $7.7 billion that the House appropriated for the Federal Buildings Fund could create nearly 220,000 jobs. I would point out that these are private-sector jobs, across a wide range of sectors, from architects and engineers to sheet metal and insulation installers and electricians, plumbers, masons and carpenters. And because GSA has indicated that it has nearly 500 projects that are ready to go and can be obligated in 90 to 180 days, these are jobs that will be created immediately.

It also means that the Senate compromise, by cutting this amount by $2 billion, essentially takes 57,000 job opportunities out of ARRA. That is the last thing we should do at this moment.

**America is Ready**

Finally, the American public believes something needs to be done to reduce energy usage and prevent climate change. In a 2007 poll by the Tarrance Group and Lake Research Partners, 74 percent of those polled agreed that "the government should take the lead in promoting real estate development that conserves our natural resources." In addition, 71 percent of voters agreed that "the government should immediately put into effect new energy policies that drastically reduce greenhouse gas emissions." The American public supports conserving our precious resources, and believes that it is in the best interests of our nation and the world to reduce our reliance on fossil fuel produced energy and move towards a sustainable future. Reducing energy use in federal buildings would be a major step towards that goal.

**Conclusion**

Investing in greening federal buildings will create jobs, reduce energy costs, improve worker productivity, increase the value of the GSA's portfolio and ultimately save taxpayers money. Just as important, at a time when the United States is struggling to address the effects of climate change, studies show that improving energy efficiency in buildings is truly the "low-hanging fruit" that, as a 2007 McKinsey and Company shows, actually generates positive economic returns over their life-cycle.[13] For these reasons, the AIA and its partners in the design and construction industry strongly urge Congress to include the House-passed funding levels for the GSA Federal Buildings Fund and for high-performing federal buildings in the final version of H.R. 1 that it sends to President Obama.

I welcome any questions from the subcommittee. Thank you, Chairwoman Norton and Ranking Member Diaz-Balart, for the opportunity to testify before your Subcommittee today.

[1] http://www.bls.gov/news.release/empsit.nr0.htm (BLS) and http://newsletters.agc.org/clwir/2009/02/06/construction-job-loss-figures-underscore-urgency-of-stimulus-agc-economist-says/ (AGC)
[2] http://buildingsdatabook.eere.energy.gov/docs/1.1.3.pdf
[3] http://buildingsdatabook.eere.energy.gov/docs/3.1.1.pdf
[4] http://buildingsdatabook.eere.energy.gov/docs/3.1.1.pdf
[5] Deloitte, "The Dollars and Sense of Green Retrofits," 2008
[6] Ibid.
[7] Ibid.
[8] Judith Heerwagen, "Do Green Buildings Enhance the Well Being of Workers?" Environmental Design and Construction Magazine. July/August 2000. Available at http://www.edcmag.com/CDA/ArticleInformation/coverstory/BNPCoverStoryItem/0,4118,19794,00.html
[9] Fisk, William, "Health and Productivity Gains from Better Indoor Environments and Their Implications for the U.S. Department of Energy," 2000
[10] Capital-E, "The Costs and Financial Benefits of Green Buildings," 2003
[11] Matthissen, Lisa and Morris, Peter. "Costing Green: A Comprehensive Cost Database and Budgeting Methodology," 2004; Davis Langdon; and Matthiessen, Lisa and Morris, Peter, "The Cost of Green Revisited," 2007, Davis Langdon
[12] http://www.eere.energy.gov/buildings/highperformance/research_case_studies.html
[13] "Reducing U.S. Greenhouse Gas Emissions: How Much at What Cost?", McKinsey & Company, 2007

# STATEMENT OF

## PAUL F. PROUTY
## ACTING ADMINISTRATOR

## U.S. GENERAL SERVICES ADMINISTRATION

## BEFORE THE

## COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE

## SUBCOMMITTEE ON ECONOMIC DEVELOPMENT, PUBLIC BUILDINGS, AND EMERGENCY MANAGEMENT

## U.S. HOUSE OF REPRESENTATIVES

## FEBRUARY 11, 2009

**Introduction**

Good afternoon, Madam Chair, Ranking Member Diaz-Balart and members of this subcommittee. My name is Paul Prouty, and I am the Acting Administrator of General Services. Thank you for inviting me to appear before you today to discuss the General Services Administration's (GSA) contribution to our nation's economic recovery.

President Obama named me to this position on January 21, 2009. While I am new to the position of GSA Administrator, I am not new to GSA having served as the Acting Regional Administrator in the Rocky Mountain Region and as the PBS Assistant Regional Administrator (ARA) both in the Rocky Mountain Region and the New England Region.

With me today is Anthony Costa, Acting Commissioner, Public Buildings Service (PBS) and Kevin Kampschroer, Acting Director, Office of Federal High Performance Green Buildings. Both will be playing an active role in this nation's reinvestment in our public buildings.

GSA's Public Buildings Service is one of the largest and most diversified public real estate organizations in the world. Our inventory consists of over 8,600 assets with nearly 354 million square feet of rentable space across all 50 states, 6 territories and the District of Columbia. Our portfolio is comprised primarily of office buildings, courthouses, land ports of entry, and warehouses. GSA's and PBS' goal is to manage these assets responsibly while delivering and maintaining productive workplaces at best value to the taxpayer.

**A Unique and Exciting Opportunity**

Our nation's economy is in a crisis of a severity not seen since the Great Depression. In the face of this crisis, we at GSA look forward to being a part of the solution. By investing in our backlog of well-planned, worthy and needed infrastructure projects, we can help stimulate jobs in the construction and real estate sectors while stimulating long-term growth in energy efficient technologies, alternative energy solutions and green buildings. In other words, we can help stimulate the economy by getting money flowing to the building industries – to construction workers, electricians, plumbers, air conditioning mechanics, carpenters, architects, engineers, etc. We can help get people back to work.

And at the same time, we can make meaningful improvements in our portfolio that will ultimately yield a significant return in future energy and operational costs. We are ready to undertake this challenge and we look forward to carrying out our role in the American Recovery and Reinvestment Act.

Today, I would like to describe what we have done and what we are doing to promote economic recovery, create jobs, promote energy efficiency and improve our public buildings while remaining transparent to the public. I will focus on four areas: Project Identification, Energy/Green Buildings, Project Execution (Getting the work done), and Transparency and Reporting.

**Project Identification**

As part of our portfolio management work and in preparation for receiving reinvestment funding, we convened a team consisting of national office and regional office representatives to review projects that are good candidates for funding. Currently, each project is being evaluated on a number of criteria, the two most important being: how fast we can create jobs by getting shovels in the ground; and, how much added energy efficiency and sustainability we can gain from projects ready for construction award within 90-day, 1-year, and 2-year time frames.

The reinvestment funds also provide an unprecedented opportunity for GSA to improve the performance of our buildings. First, the money will help GSA reduce its energy consumption and improve the environmental performance of the inventory. Second, in large part, the funds will be invested in the existing infrastructure, which will help reduce our backlog of Repair and Alterations needs, thus increasing the assets' value, prolonging the assets' useful life and ultimately further conserving our country's resources. And third, the money will lessen our reliance on costly operating leases by providing some government owned solutions for long-term requirements of our customers.

We are evaluating each project to ensure a positive return for the Federal Buildings Fund and the American citizen. I want to assure you that our project list will be based upon sound asset management practices, following the Federal Real Property Council's Guiding Principles, and following the principles of high-performance green buildings as defined in the Energy Independence and Security Act of 2007.

In addition to projects identified and funded by GSA's reinvestment, we anticipate a significant influx of reimbursable work requests from customer agencies.

**Energy/Green Building**

As this Committee knows, the Energy Independence and Security Act of 2007 and other laws require GSA, among other things, to reduce its energy consumption by 30% by 2015; reduce fossil fuel-generated energy consumption in our new buildings by increasing amounts – from 55% in 2010 to 100% in 2030; and "green" a substantial portion of our inventory.

We are reviewing projects where we can start construction quickly while also identifying ways that existing designs can be improved. Many improvements are as simple as substituting more efficient equipment, integrating designs, or adding components to improve energy efficiency, reduce consumption, or generate electricity. Some examples we have already identified are:

- Adding thicker insulation than required by the newest energy codes
- Installing variable frequency drives to reduce energy and extend the life of mechanical equipment
- Converting parking structure lighting to LED (light-emitting diode), which dramatically lowers energy consumption, improves safety and visibility and reduces maintenance as LEDs can last two to three times as long as typical parking lot lights
- Retrofitting or replacing less efficient windows — this component is often eliminated from a building renovation because of the initial expense and long payback period.
- Specifying dual flush toilets and waterless or low water urinals to save water and reduce demand on aging city sewer systems

By using well-established contracting techniques, such as design-build contracts, we can start work quickly, and make simultaneous improvements to the existing designs. We are gathering and preparing standard scopes of work for many of these improvements, some of which are being provided by the national laboratories run by the Department of Energy (DoE). DOE's Federal Energy Management Program, in conjunction with the National Renewable Energy Laboratory, is providing specifications for the four most common types of solar installation. The Commercial Buildings Program at DoE and the Pacific Northwest National Laboratory are providing specifications for three classes of lighting and control strategies. We are also selecting standards from GSA's projects as models for this work.

In addition, we are identifying a number of larger projects that can rapidly be deployed in many buildings. I'll mention just three examples:

- Installing intelligent lighting systems that provide daylight and provide controls for occupants to adjust for ambient light versus task light.
- Replacing flat roofs with ENERGY STAR membranes; integrated photovoltaic panels bonded to the membrane; or planted roofs. These options offer benefits ranging from increasing the life of the roof, to producing energy and to reducing the "heat island" effect of a black roof.
- Accelerating the installation of advanced meters—required under the Energy Policy Act to be completed by 2012. Advanced meters enable us to better manage buildings by instantaneously providing information on a building's energy use and encouraging immediate operational changes.

- Seek consistency in national implementation.

While we anticipate hiring for key positions at GSA National Office and the regions to manage this work, we plan to use limited term "Industry Hires" extensively, to fill those roles that sunset with the expiration of the reinvestment initiative. This solution will fulfill our short-term need for a larger workforce without encumbering our long-term personnel goals. These Industry hires can also create jobs for those in the ailing design, construction, and construction management sectors.

GSA will also hire contractors to provide support to GSA personnel in such areas as data tracking and reporting, reviews of scope, schedule and budget, energy performance reviews, design services, construction contracting and project management.

A key component in managing the reinvestment initiative is measurement. GSA currently uses several performance measures to track the progress and budgets of our capital projects using earned value analyses. We also use internal schedule milestones and a Variance Tracking Report as a management tool to assess project performance and status. We will apply these measures to reinvestment projects as well.

To improve our execution efforts on reinvestment projects, we are currently developing a measure to track the design process and design schedule progress. We will also develop a measure focusing on energy performance results.

In the acquisition arena, we will be monitoring contract awards on such performance metrics as: number/percentage of contracts that were awarded competitively; our performance against national socio-economic targets; and timeframes in which the contracts were awarded.

**Transparency and Reporting**

Management of these precious reinvestment funds relies on accurate reporting and tracking. GSA already has business measures that are widely considered to be among the best in the industry.

We will build on those measures and develop new measures in the areas of energy and sustainable performance. We want to make sure that the buildings designed to perform better actually do perform better once they are renovated or built. As a result, we are developing the means to measure energy performance in all the buildings improved by the stimulus investment in greater detail than we can today. We will also be commissioning these buildings to ensure that the good designs are performing as they should. And we will periodically re-commission

the buildings to ensure that the performance persists. We already have solid baseline energy consumption numbers and will be able to detail both energy savings and cost avoidance.

GSA will be taking the lead to launch and manage Recovery.gov, the official website of the federal government that will report the ongoing progress on the reinvestment funding for the American public. We welcome this assignment. GSA is a leader throughout the federal community and has the management and technical expertise to make this a success.

We are ensuring that our financial systems will track information at the required level in order to meet the Recovery.gov requirements. In some cases, this is similar to work we have done in the past for circumstances such as emergency response scenarios, where we changed project code information in our payroll systems. We are also taking steps to ensure that we can measure the impact of each dollar spent. We want to ensure that we are using taxpayer dollars wisely.

**Conclusion**

Today, I have described the unprecedented and exciting opportunity that lies before us to contribute to our nation's economic recovery, address strategic energy goals, and reinvest in our public buildings. We know that this is not business as usual and we are ready to move forward with speed, tempered by careful consideration of our procurement responsibilities and our responsibilities and accountability to the American taxpayer. We look forward to working with you and members of this subcommittee as we engage in this important work.

Madam Chairman, Ranking Member Diaz-Balart, this concludes my prepared statement. I will be pleased to answer any questions that you or any other members of this subcommittee may have about GSA's role in the economic recovery.

PB-ED

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February 10, 2009

The Honorable Harry Reid
Majority Leader
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United States Senate
Washington, DC 20510-7020

The Honorable Mitch McConnell
Minority Leader
361A Russell Senate Office Building
United States Senate
Washington, DC 20510

The Honorable Nancy Pelosi
Speaker
U.S. House of Representatives
H-232 Capitol Building
Washington, DC 20515-6501

The Honorable John Boehner
Minority Leader
U.S. House of Representatives
1011 Longworth House Office Building
Washington, DC 20515

Dear Majority Leader Reid, Minority Leader McConnell, Speaker Pelosi, Minority Leader Boehner and H.R. 1 Conferees:

We write as an informal coalition of businesses, states, energy and environmental organizations, trade associations and manufacturers of energy efficient products to convey our strong support for critically important clean energy provisions in H.R. 1, the American Recovery and Reinvestment Act of 2009. We wish to communicate key priorities to ensure that the final legislation is as effective as possible in promoting clean energy and meeting President Obama's objectives of creating new jobs, encouraging new technology deployment and innovation, promoting energy security, and decreasing global warming pollution. At the outset, we express our recognition and appreciation for the efforts that the House and Senate have devoted to their respective economic recovery bills, and our desire that the final Conference agreement be concluded by the end of this week or sooner in order to ensure that this vitally important bill reach the President's desk by the start of the Presidents' Day recess period.

In addition to the many important clean energy provisions included in both the House and Senate bills, we strongly recommend that the following provisions be included in the final legislation reported out of Conference:

- We urge that the final Conference agreement fund the Department of Energy State Energy Program ("SEP") at no less than $3.4 billion (the House funding level), with appropriate conditioning and the prioritization language contained in Section 7006 of the House bill. The House funding level will permit the states to deliver vital energy efficiency services and innovations throughout the economic crisis, giving priority to existing state-approved programs to enable energy efficiency funds to be expended quickly by state energy offices.
- We urge that the Conference agreement adopt the Senate funding level of $4.2 billion for the Department of Energy's Energy Efficiency and Conservation Block Grant Program to enable states and local governments to aggressively implement energy efficiency programs.
- Regarding funding for "Green Federal Buildings," we urge you to ensure that funds are available to all federal agencies and to add language in the appropriate areas of the bill where funding is proposed for energy efficiency in Federal buildings (House bill pages 62, 87 and 211) as follows: "priority should be given to projects that are comprehensive and leverage private sector funds." We also

urge you to include the following language in the Conference Report: "*Comprehensive projects are those that utilize multiple energy conservation measures that are optimized as a package providing the highest level of efficiency and attainment of federal energy savings goals; additionally, in order to achieve maximum energy savings and job creation, the government is urged to use appropriated dollars in conjunction with private sector financing and to ensure funds are in compliance with Section 432 of the Energy Independence and Security Act of 2007 (USC 8253).*" We continue to recommend that some of the funding for Green Federal Buildings be targeted or transferred to the Department of Energy's Federal Energy Management Program ("FEMP"), a program which is adept at executing comprehensive energy efficiency projects throughout the Federal government.

- We urge that the Conference agreement include the $300 million in funding provided in the House bill for matching grants for rebates to be provided by the states for the purchase by consumers of higher tier energy-efficient Energy Star products. We also request that Conference language stipulate that rebates be provided to consumers only for the purchase of higher tier energy-efficient products. Funding of $100 million should also be provided to the EPA Energy Star Program as EPA has in place effective programs that states, municipalities, utilities, and businesses can use to quickly and effectively promote energy-saving investments in all sectors.
- We urge that the Conference agreement include $100 million in funding for the Building Energy Codes Program; this program promotes energy-efficient building codes, training and technical assistance to the states.
- We urge that the Conference agreement direct the U.S. Department of Energy to raise the contract ceiling on Energy Savings Performance Contracts (ESPCs) entered into prior to December 1, 2008, in order to ensure that negotiated and fully approved contracts are implemented to provide immediate construction jobs related to Federal facilities.
- We urge you to fund the Weatherization Assistance Program at no less than the $6.2 billion provided in the House bill. The House level of funding will allow this critical program to expand to meet President Obama's goal of weatherizing one million homes per year; the investment in this program is estimated to create 32,000 jobs in the auditing and retrofitting industries.
- In terms of addressing industrial and commercial energy efficiency, we urge you to include the $500 million provided in the House bill to implement the programs authorized under part E of title III of the Energy Policy and Conservation Act (42 U.S.C. 6341 et seq.), including the Waste Energy Recovery Incentive Grant Program, which provides incentive grants to the owners and operators of projects that produce either electricity or thermal energy through waste energy recovery. We also ask that the Conference Report retain the Senate language that directs the Department of Energy to allocate funding to expand the Industrial Assessment Centers, which provide "on-the-job training" to energy engineers as well as much-needed energy efficiency resources to small manufacturing firms in every state.
- We strongly support the Senate funding of $1.6 billion for an institutional grants program for energy efficiency retrofits in schools and other institutions, as authorized by Section 399(A) of the Energy Policy and Conservation Act (42 U.S.C. 6341).

The inclusion of these critical clean energy provisions in the final Conference agreement is essential in securing President Obama's goal of a clean energy economy. We look forward to working with you to ensure the swift adoption of the Conference Report containing these bold energy efficiency measures.

Sincerely,

Ladeene A. Freimuth

Ladeene A. Freimuth on behalf of:

Alliance to Save Energy
American Council for an Energy-Efficient Economy
Association of State Energy Research and Technology Transfer Institutions
Better Buildings Incorporated
Business Council for Sustainable Energy
Conservation Law Foundation
Conservation Services Group
Dow Chemical Company
Energy Federation, Inc.
Energy Future Coalition
Environment Northeast (ENE)
Environmental and Energy Study Institute (EESI)
Environmental Entrepreneurs
Federal Performance Contracting Coalition
Fluid Market Strategies, Inc.
Hannon Armstrong
Johnson Controls, Inc.
National Association for State Community Services Programs
National Association of Energy Service Companies
National Association of State Energy Officials
National Electrical Manufacturers Association
Natural Resources Defense Council
New England Clean Energy Council
North American Insulation Manufacturers Association
Optimal Energy
Polyisocyanurate Insulation Manufacturers Association
Positive Energy, Inc.
Recycled Energy Development
Refrigeration Service Engineers Society (RSES)
SAVE Energy Coalition
Schneider Electric
Southeast Energy Efficiency Alliance
The Stella Group

Cc: Senate Energy and Natural Resources Committee Chairman Jeff Bingaman and Ranking Member Murkowski
Senate Energy & Water Appropriations Subcommittee Chairman Dorgan
House Energy & Water Appropriations Subcommittee Chairman Visclosky and Ranking Member Frelinghuysen

## APPENDIX: ENERGY EFFICIENCY FUNDING CAN MOVE QUICKLY, IN CONTRAST TO CLAIM IN CBO REPORT

With respect to the Congressional Budget Office (CBO) analysis of the economic recovery bill[1] and the projected spend out rates for the $14.2 billion in energy efficiency spending proposed in the Senate and the $18.5 billion in the House version, we believe strongly that the CBO analysis is flawed because it does not incorporate important realities associated with the existing energy efficiency programs and infrastructure.

Specifically;

1. The CBO report incorrectly states that the rate of spending for all of the Department of Energy (DOE) funding in the economic recovery bill would be lower than for existing DOE programs.[2] The funding mechanisms for the State Energy Programs (SEP), Weatherization Assistance Program (WAP), and Federal Energy Management Program Energy Service Contracting, however, can all easily and quickly handle the appropriations made to these programs in the economic recovery bill. DOE's only responsibility for SEP and WAP programs is to pass the funding through to the appropriate recipients. The governor certification required in the bill for funding to states also should not significantly add to the amount of time it takes to process the funding.
2. There is also a significant state infrastructure and funds from state-regulated ratepayer funded programs that support all of the above efficiency programs. The CBO federal assessment that the existing base funding is $1.9B ignores the $3.5B in state-regulatory funds and $2B in low-income funding. Incorporating these existing funds will result in an increase of less than a 2x increase over existing funding during an 18 month time frame and not the 7x increase as CBO claimed. Even the investment in efficiency in federal facilities through the FEMP Energy Service Contracting program makes use of state incentives and the existing contracting infrastructure in place in all the states.
3. The CBO indicated that new programs needed to be created. In fact, program vehicles exist through DOE for funneling these funds into real projects in very short order. These efforts are supported the EPA Energy Star Program and can move funding within 30 days.
4. The infrastructure of organizations and companies prepared to implement this funding exist in every state and are prepared to support implementation. These groups have been developed and supported by state and private market activity that has not been incorporated into the CBO report. These established businesses are eager to hire new workers and expand their operations into more factories, businesses and homes in order, reducing energy costs for their customers – the funding being contemplated would fuel that effort and would be quickly, effectively and well spent.

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[1] February 2, 2009 Congressional Budget Office Cost Estimate of H.R. 1 (American Recovery and Reinvestment Act of 2009) and the January 30, 2009 CBO letter to Chairman Obey on Budget Impacts of H.R. 1 (American Recovery and Reinvestment Act of 2009)

[2] February 2 CBO Estimate, p. 7.

In addition;

1. The investments in energy efficiency leverage private funds in almost every case (with the exception of low income weatherization) and therefore the direct stimulus effect is greater than just Federal expenditures. The direct stimulus impact can be as high at twice the federal dollars or $28B based on the Senate proposal.
2. The efficiency investments result in lower energy costs for federal, state and local budgets as well as for households and businesses which will see lower costs. This impact adds an additional $3 in energy cost reductions over the life of the measures for every $1 invested, thus adding additional economic stimulus.
3. The investment in energy efficiency will lower energy prices for all consumers as lower demand for energy leads to lower gas, electric and oil prices in the market. This has been proven in all three of these energy sectors.

In sum, the CBO report fails to take into consideration key aspects of the energy efficiency economy and infrastructure and incorrectly assesses both the impact and the pace of economic benefit.

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February 4, 2009

The Honorable Harry Reid
Senate Majority Leader
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The Honorable Mitch McConnell
Senate Minority Leader
S0230 Capitol
Washington, DC 20510

The Honorable Nancy Pelosi
Speaker of the House
H-232 Capitol
Washington, DC 20515

The Honorable John Boehner
House Minority Leader
H-204 Capitol
Washington, DC 20515

Dear Leader Reid, Leader McConnell, Speaker Pelosi and Leader Boehner:

The undersigned building industry organizations and companies urge you to support provisions in the economic recovery bill that will stimulate the economy through investments in the design, construction, rehabilitation and renovation of buildings and the nation's infrastructure. Specifically, we ask you to support policies in the bill that will create new and renovated federal buildings, modernized schools, and affordable housing. This will create jobs, move our nation closer to energy independence, and improve the quality of life for citizens in all 50 states.

A true economic recovery plan must include policies to stimulate the design and construction industries. These industries are responsible for nearly $1 in every $10 of U.S. Gross Domestic Product and employ more than 7 million Americans. They have been particularly hard-hit by the economic downturn. In the past two years, the construction industry has lost approximately 1 million jobs, and it appears the situation is only going to get worse. The AIA's Architecture Billings Index, a leading economic indicator of building industry economic health, forecasts a significant reduction in building sector activity over the next 12 months.

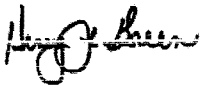
Federal infrastructure investments in our nation's buildings will invigorate these industries and put Americans back to work almost immediately. For example, the General Services Administration has identified more than 500 federal building projects that, if funded, could begin within 90 to 180 days. Pursuing these projects would immediately create tens of thousands of jobs for architects, engineers, geospatial professionals, contractors, electricians, plumbers, heating and air conditioning installers, carpenters, masons and painters, construction equipment operators, roofers, insulation workers, construction managers, building inspectors, and the many other building professionals who are needed to design, construct, restore and renovate buildings. Investments in other buildings such as schools, commercial buildings, healthcare facilities, state and municipal buildings and affordable housing have the potential to create hundreds of thousands of jobs nationwide.

Leader Reid, Leader McConnell, Speaker Pelosi and Leader Boehner
Page 2
February 4, 2009

Investing in building construction and renovation will not simply create jobs in the short term but will also establish the foundation for sustained economic growth. Improving the energy efficiency of new and existing buildings will reduce our dependence on foreign sources of oil and move us closer to energy independence. Overhauling our nation's decaying infrastructure will improve American competitiveness. Creating 21st Century schools will protect the health and enhance the learning capabilities of the next generation of American workers.

We urge Congress to ensure that any economic recovery plan it sends to President Obama includes significant investments in the building sector.

Sincerely,



Henry L. Green, Hon. AIA
President
National Institute of Building Sciences

American Institute of Architects
AEC Science & Technology
AllForTek, Inc.
American Council of Engineering Companies
American Society of Civil Engineers
American Society of Landscape Architects
American National Standards Institute
Architecture 2030
Associated General Contractors of America
The Association of Union Constructors
BOMA, International
Campaign for Quality Construction
Finishing Contractors Association
Green Building Initiative
Green Building Institute
International Code Council
The International Council of Employers of Bricklayers & Allied Craftworkers
Management Association for Private Photogrammetric Surveyors
Mechanical Contractors Association of America
National Electrical Manufacturers Association
National Roofing Contractors Association
National Trust for Historic Preservation
Plumbing Manufacturers Institute
Portland Cement Association
Sheet Metal and Air Conditioning Contractors' National Association
Spray Polyurethane Foam Alliance
Sustainable Buildings Industry Council
United States Green Building Council

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February 10, 2009

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The Honorable Mitch McConnell
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The Honorable Nancy Pelosi
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U.S. House of Representatives
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The Honorable John Boehner
Republican Leader
U.S. House of Representatives
110 Longworth House Office Building
Washington, D.C. 20515

Dear Congressional Leaders:

We, the undersigned organizations, thank you for your ongoing leadership in developing a strong and comprehensive economic recovery package. We look forward to working with Members of the Senate and House to ensure passage of a final package that both reinvigorates our struggling economy and addresses the serious environmental challenges now before us. Through the appropriation of funds for green building and energy efficiency projects, the economic recovery plan sends an important signal about the capacity of high-performance, green building to help restore the health of our planet, while saving money and putting millions of Americans back to work. We commend such provisions as an important catalyst for environmentally responsible choices throughout facility projects nationwide.

We are particularly encouraged by the House bill's funding level for the General Services Administration (GSA)—an agency that has a track record of supporting green federal facilities. Acknowledging the agency's strong potential to help reduce the federal government's environmental footprint, we strongly urge that the House's robust appropriations for GSA's Federal Buildings Fund be retained in conference, with the requirement that at least $6 billion be used "for measures necessary to convert GSA facilities to High-Performance Green Buildings, as defined in section 401 of Public Law 110-140."

As the owner or lessee of space in 8,600 buildings, GSA initiates and manages a diverse range of facility design, construction, rehabilitation, restoration, renovation, and operations projects in communities throughout the country. Leveraging its vast portfolio to support green building, GSA can rapidly deploy its experience in this area to needs already identified by the agency. The agency currently maintains green building requirements for its new construction and major rehabilitation projects and also works through energy saving performance contracts to generate significant energy savings in its facilities. A 2008 study by GSA of 12 green building projects in its portfolio showed nearly a 30% reduction in average energy usage and a 13% decline in average maintenance costs, as compared to national averages. Inclusive building design and facility management are the best way to ensure that buildings maximize their

performance. Green building efforts stand to become an even-greater focus of the agency's work due to GSA's recent designation as the home of the new Office of Federal High-Performance Green Buildings, which was authorized by the Energy Independence and Security Act of 2007 to both coordinate and help to define best practices for the high-performing, green building activities of federal agencies.

GSA's commitment to leading by example, coupled with robust funding to support the agency's efforts to advance green federal buildings, promises both environmental and economic benefits for communities nationwide in this time of great need. We look forward to working with Congress and GSA to ensure that this promise becomes a reality.

Thank you again for your continued support of green economic recovery. Please let us know if we can be of any assistance to you as you work to finalize critical economic recovery legislation.

Sincerely,
AEC Science & Technology
The American Institute of Architects
The American Planning Association
The American Society of Heating, Refrigerating and Air-Conditioning Engineers, Inc.
The American Society of Interior Designers
The American Society of Landscape Architects
The Association of Union Constructors
Building and Construction Trades Department, AFL-CIO
The Campaign for Quality Construction
The Carpet & Rug Institute
The Center for Environmental Innovation in Roofing
Environment America
Finishing Contractors Association
Green For All
The International Council of Employers of Bricklayers & Allied Craftworkers
International Facility Management Association
Mechanical Contractors Association of America
National Electrical Manufacturers Association
National Wildlife Federation
Sheet Metal and Air Conditioning Contractors' National Association
Sustainable Buildings Industry Council
The Real Estate Roundtable
U.S. Green Building Council



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