

Why GAO Did This Study

DHS and GSA are managing an estimated \$4.5 billion construction project at the St. Elizabeths Campus in Washington, D.C. The project, designed to consolidate DHS's executive leadership, operational management, and other personnel at one secure location rather than at multiple locations throughout the Washington, D.C., metropolitan area, has a projected completion date of 2026.

GAO was asked to examine DHS and GSA management of the headquarters consolidation, including the development of the St. Elizabeths campus. This report addresses the extent to which DHS and GSA have (1) developed consolidation plans in accordance with leading capital decision-making practices and (2) estimated the costs and schedules of the St. Elizabeths project in a manner that is consistent with leading practices. GAO assessed various DHS and GSA plans, policies, and cost/schedule estimates, and interviewed DHS and GSA officials.

What GAO Recommends

GAO recommends, among other things, that DHS and GSA develop revised DHS headquarters plans that reflect leading practices for capital decision making and reliable cost and schedule estimates. Congress should consider making future funding for the project contingent upon DHS and GSA developing plans and estimates commensurate with leading practices. DHS and GSA concurred with our recommendations.

FEDERAL REAL PROPERTY

DHS and GSA Need to Strengthen the Management of DHS Headquarters Consolidation

What GAO Found

The Department of Homeland Security (DHS) and General Services Administration (GSA) planning for the DHS headquarters consolidation does not fully conform with leading capital decision-making practices intended to help agencies effectively plan and procure assets. DHS and GSA officials reported that they have taken some initial actions that may facilitate consolidation planning in a manner consistent with leading practices, such as adopting recent workplace standards at the department level and assessing DHS's leasing portfolio. For example, DHS has an overall goal of reducing the square footage allotted per employee across DHS in accordance with current workplace standards. Officials acknowledged that this could allow more staff to occupy less space than when the campus was initially planned in 2009. DHS and GSA officials also reported analyzing different leasing options that could affect consolidation efforts. However, consolidation plans, which were finalized between 2006 and 2009, have not been updated to reflect these changes. According to DHS and GSA officials, the funding gap between what was requested and what was received from fiscal years 2009 through 2014, was over \$1.6 billion. According to these officials, this gap has escalated estimated costs by over \$1 billion—from \$3.3 billion to the current \$4.5 billion—and delayed scheduled completion by over 10 years, from an original completion date of 2015 to the current estimate of 2026. However, DHS and GSA have not conducted a comprehensive assessment of current needs, identified capability gaps, or evaluated and prioritized alternatives to help them adapt consolidation plans to changing conditions and address funding issues as reflected in leading practices. DHS and GSA reported that they have begun to work together to consider changes to their plans, but as of August 2014, they had not announced when new plans will be issued and whether they would fully conform to leading capital decision-making practices to help plan project implementation.

DHS and GSA did not follow relevant GSA guidance and GAO's leading practices when developing the cost and schedule estimates for the St. Elizabeths project, and the estimates are unreliable. For example, GAO found that the 2013 cost estimate—the most recent available—does not include a life-cycle cost analysis of the project, including the cost of operations and maintenance; was not regularly updated to reflect significant program changes, including actual costs; and does not include an independent estimate to help track the budget, as required by GSA guidance. Also, the 2008 and 2013 schedule estimates do not include all activities for the government and its contractors needed to accomplish project objectives. GAO's comparison of the cost and schedule estimates with leading practices identified the same concerns, as well as others. For example, a sensitivity analysis has not been performed to assess the reasonableness of the cost estimate. For the 2008 and 2013 schedule estimates, resources (such as labor and materials) are not accounted for and a risk assessment has not been conducted to predict a level of confidence in the project's completion date. Because DHS and GSA project cost and schedule estimates inform Congress's funding decisions and affect the agencies' abilities to effectively allocate resources, there is a risk that funding decisions and resource allocations could be made based on information that is not reliable or is out of date.