

**PREPARED STATEMENT OF
THE FEDERAL TRADE COMMISSION**

On

**THE CONSOLIDATION AND SPACE UTILIZATION RATES AT THE
CONSTITUTION CENTER**

**Before the Committee on Oversight and Government Reform
Subcommittee on Government Operations**

**Constitution Center
Washington, D.C.
December 3, 2013**

Chairman Mica, Ranking Member Connolly, and distinguished members of the Subcommittee, I am David Robbins, the Executive Director of the Federal Trade Commission (“Commission” or “FTC”).¹ Thank you for the opportunity to discuss the consolidation at the Constitution Center of the FTC staff currently housed in its two leased Washington D.C. satellite facilities, located at 601 New Jersey Avenue and 1800 M Street, and the space utilization rates that will be achieved at the Constitution Center.

The FTC has been working very closely with the General Services Administration (“GSA”) to secure and build-out space at Constitution Center. The Commission believes that the new space is properly configured to sustain its mission in a cost effective manner, consistent with space utilization regulations and the Administration’s initiative to make more efficient use of the government’s real estate assets (known as “Freeze the Footprint”).

The FTC is primarily a law enforcement agency with broad jurisdiction over major sectors of the economy. Among its missions, the FTC reviews proposed mergers; investigates and pursues those engaging in unfair methods of competition and unfair or deceptive acts or practices; and returns money to injured consumers when possible. The FTC also educates consumers and businesses on how best to protect themselves; advances policy through research, advocacy, and public workshops; and works with foreign counterparts to harmonize competition and consumer protection law across the globe.

The space at the Constitution Center will house the staff of the Bureau of Competition and the Bureau of Consumer Protection, the Hart- Scott- Rodino Pre-merger Notification Filing Office, the Records and Filings Office, the Inspector General’s Office, and other support functions. We are an agency consisting primarily of lawyers and economists who, in the course of our work, often meet with outside parties, frequently work in teams and with experts, and handle large amounts of documents and data consisting of highly confidential business and personal information. We work collaboratively, and often under deadline. The Constitution Center space will meet these particularized needs of the agency, while at the same time reducing its space utilization rate.

Today, there are no formal government standards for space utilization. Nor do federal regulations mandate space requirements based on pay grade or maximum area per person. Rather, recognizing that one size does not fit all, federal regulations provide:

Executive agencies must provide a quality workplace environment that supports program operations, preserves the value of real property assets, meets the needs of the occupant agencies, and provides child care and physical fitness facilities in the workplace when adequately justified. An executive agency must promote

¹ While the views expressed in this statement represent the views of the Commission, my oral presentation and responses to questions are my own and do not necessarily reflect the views of the Commission or any individual Commissioner.

maximum utilization of federal workspace, consistent with mission requirements, to maximize its value to the government.²

The housing plan approved by GSA for the FTC at the Constitution Center is fully consistent with these regulations.

The FTC's space at Constitution Center has been designed to accommodate 905 FTC occupants. FTC staff moving to Constitution Center will have significantly smaller offices and less overall space than they have now. The agency is using an aggressive space utilization rate of 119 square feet (sf) per employee. There are four types of "office space" at the FTC's new Constitution Center location. A very limited number (17) are 150 sf offices for Senior Executive Service ("SES") managers who lead large divisions of lawyers. All GS 11-15 employees, including mid-level managers, will be housed in offices of 110 sf. GS 1-10s, International SAFEWEB fellows and interns, student volunteers and interns, experts, contractors, and staff visiting from other FTC offices will occupy either 64 or 48 sf workstations or hoteling stations. By way of comparison, in the two currently leased satellite facilities, the average size of an office is 270 sf for SES and other senior managers; 196 sf for mid-level managers; 150 sf for GS 12-15s; and 80 sf for workstations for all others. The Constitution Center space will also include deposition rooms, litigation "war rooms," teaming rooms, conference rooms of various sizes, and other special purpose spaces in which our federal and non-federal personnel can carry out the work of the agency.

The Commission is aware of the interest in having all of FTC's employees housed at the Constitution Center so that the FTC Headquarters Building can be given to the National Gallery. As both GSA and the FTC have explained, however, this is neither physically nor financially feasible. The only currently unoccupied space in the Constitution Center is the southwest (SW) quadrant. As it stands, the FTC will occupy a substantial portion of the SW quadrant to accommodate its employees from its two currently leased satellite facilities. The National Endowment for the Arts (NEA) and the National Endowment for the Humanities (NEH) also are due to occupy portions of this quadrant in late winter. Even if these agencies were forced to give up their offices to the FTC, there simply is not enough space in the SW quadrant to house all of the FTC's operations in Constitution Center. GSA has determined that the FTC requires a minimum of 446,054 sf for its entire space needs in D.C.; the entire SW quadrant totals only 358,537 sf.

Even if all of the FTC's D.C. operations could be fit in the SW quadrant of Constitution Center, the costs to the American taxpayer would be prohibitive. GSA has calculated that over 30 years it would cost nearly \$172 million more to house all of the FTC in leased space such as Constitution Center than it will cost if, as planned, the FTC's headquarters staff remains in its federally owned building. These additional costs would have to be absorbed by the FTC budget, and, given the current funding environment, these costs would most likely be at the expense of pursuing the agency's mission to protect competitive markets and consumers.

² 41 CFR 102-79.10.

Additionally, significant cost would be incurred to move FTC staff out of its headquarters building and into leased space. GSA has estimated that cost to be at least \$50 million. At Constitution Center, specifically, the Commission would have to alter the construction of the space to accommodate all of the FTC's personnel, as well as mission-critical functions not considered in consolidation of satellite space. For example, the Commission's main data center and the FTC Administrative Law Judge Courtroom – currently housed at the FTC's headquarters building – were not replicated in the build-out of the Constitution Center.

Moreover, while not having a direct impact on the FTC, there are additional costs to taxpayers of giving away the FTC's headquarters building. If the GSA-owned headquarters building is given to the National Gallery of Art ("NGA"), rather than sold, the government will lose the fair market value of this building, estimated at \$92,800,000. Furthermore, going forward, the federal government would lose the \$6 million that the FTC pays annually into the Federal Building Fund (FBF) in rent and would still be responsible for the costs of the operation, administration, and maintenance of the headquarters building, per the NGA's charter.

The FTC's historic headquarters building was designed and built for the FTC in 1938. The building is in good condition and needs no significant renovation, repair, or maintenance. In particular, the 76-year old building has up-to-date electrical, plumbing, and HVAC systems, which are in excellent working order. The GSA has listed no major projects on its five-year maintenance and renovation schedule for the FTC building. It is expected to meet the needs of the FTC for years to come.

Finally, at this time, construction of the space in the SW quadrant is well under way – at least 40% completed. Substantial investments have been made in planning and executing the build out. These plans and investments include, among other things, special orders and purchases of walls and furniture, specialized construction, and increased electrical and HVAC infrastructure, telecommunications and data cabling and infrastructure, as well as dark fiber connectivity, and construction to meet fire exit requirements.

The original lease at 601 New Jersey Avenue expired in August 2012, and, since that time, the FTC has paid millions of dollars in increased rent for the space. To minimize further delay and expense, the Commission has worked diligently to ensure that the build out of the Constitution Center space is completed in time to allow Commission staff to move in and fully vacate the 601 New Jersey Avenue building before August 8, 2014, the expiration date of the extended lease.

In closing, I want to reiterate FTC's commitment to the "Freeze the Footprint" initiative, while meeting our mission-driven space needs. We will continue to work with Congress, GSA, and the Office of Management and Budget to complete construction of the Constitution Center space in a manner that maintains FTC's effectiveness and efficiency. I would be happy to answer any questions you may have.