

EXTENSIONS OF REMARKS

INTRODUCTION OF THE SECURITIES AND EXCHANGE COMMISSION REAL ESTATE LEASING AUTHORITY REVOCATION ACT

HON. ELEANOR HOLMES NORTON

OF THE DISTRICT OF COLUMBIA
IN THE HOUSE OF REPRESENTATIVES
Monday, March 1, 2021

Ms. NORTON. Madam Speaker, today, I introduce the Securities and Exchange Commission Real Estate Leasing Authority Revocation Act, which would revoke the real estate leasing authority of the Securities and Exchange Commission (SEC). Since the SEC was granted leasing authority in 1990, before I came to Congress, the SEC has consistently stumbled through leasing mistakes at great expense to taxpayers. It is time for Congress to end this fiasco and return the leasing authority to the General Services Administration (GSA), the federal government's real estate arm, like other federal agencies.

When Congress exempted the SEC from GSA regulations and directives in 1990, it expressed its clear intent that "the authority granted to the Commission to lease its own office space directly will be exercised vigorously by the Commission to achieve actual cost savings and to increase the Commission's productivity and efficiency." (H.R. Conf. Rep. 101-924.) Over the past 30 years, none of that has come to fruition.

The SEC did not even establish a Leasing Branch until April 2009, and did not put into place any leasing policies or procedures until August 2010. Before that, in May 2005, the SEC disclosed that it had identified unbudgeted costs of approximately \$48 million attributable to misestimates and omissions of costs associated with the construction of its headquarters near Union Station. In 2007, after moving into its headquarters, the SEC shuffled its employees to different office spaces at a cost of over \$3 million without any cost-benefit analysis or justifiable rationale.

In the summer of 2010, the SEC's Office of Administrative Services (OAS) conducted a deeply flawed and unsound analysis to justify the need for the SEC to lease 900,000 square feet of space at Constitution Center and to commit over \$500 million over 10 years, overestimating the amount of space needed by over 300 percent. In addition to this gross overestimation of space, OAS failed to provide complete and accurate information and prepared a faulty and backdated Justification and Approval after it had already signed the lease.

As a former chair and ranking member of the Subcommittee on Economic Development, Public Buildings, and Emergency Management, I was deeply involved in oversight of the SEC's real estate activities in the District of Columbia after the agency engaged in this improper sole-source procurement of nearly one million square feet of leased space. We held two hearings on this subject in 2011. At the first hearing, titled "The Security and Exchange Commission's \$500 Million Fleecing of

America," SEC Inspector General H. David Kotz testified that employees ignored the SEC chair's explicit instructions and engaged in possible criminal violations in a sole-source procurement. He also supported stripping the SEC of leasing authority if the SEC did not undertake major reforms. I agreed with Inspector General Kotz's evaluation and introduced legislation to revoke the SEC's leasing authority for the first time.

At the second hearing, titled "The Security and Exchange Commission's \$500 Million Fleecing of America: Part Two," SEC Chairwoman Mary L. Schapiro testified that "the SEC recognizes the benefits of having [GSA] manage the Commission's future lease acquisitions. Leasing is not part of the Commission's core mission and we cannot allow it to impede that mission." She then explained that the SEC would pare down its leasing program "solely to liaise with GSA." This arrangement, in which GSA manages SEC leasing activities, was memorialized in a Memorandum of Understanding between GSA and the SEC on August 1, 2011.

Today, I have concerns that the SEC is going back on the commitment it made to Congress, which is why I am reintroducing this bill. In August 2016, GSA and the SEC entered into an Occupancy Agreement to authorize GSA to conduct the process for a new 15-year lease. In December 2016, GSA, with the approval of the SEC, submitted a prospectus to the House Committee on Transportation and Infrastructure for approximately 1,274,000 rentable square feet for the SEC. Congress approved this prospectus in 2018, and by July 2019, GSA had received final bids, resolved all protests and even selected a final bidder. A month later, in August 2019, the SEC canceled the Occupancy Agreement with GSA, citing concerns about the value of the purchase option that was part of the lease, concerns the SEC refused to document to Congress. The SEC effectively vetoed the entire procurement process despite not having the authority or funding mechanism to exercise the purchase option without GSA's involvement. After a few more months of impasse, the SEC requested that GSA cancel the procurement and commence a new procurement process.

In all this back and forth between two agencies navigating a convoluted authority structure, a multi-million-dollar procurement funded by taxpayers has gone to waste, adding to the hundreds of millions of dollars the SEC has previously squandered in its real estate endeavors. These public blunders also risk undermining the reputation of GSA and the federal government among developers and building owners that participate in these lease procurements and ultimately driving up the costs of all GSA real estate procurements due to the threat of uncertainty. This also means that the SEC will continue to engage in short-term leases at a premium while the procurement process plays out again, instead of quickly transitioning to a more cost-effective long-term lease as planned. Congress created this con-

fusion by granting the SEC leasing authority, and now Congress must fix it by revoking that authority.

The SEC's mission is to protect investors; maintain fair, orderly, and efficient markets; and facilitate capital formation. GSA's mission is to provide other civilian federal agencies with workspace and furnishings at best value to the taxpayer. As the SEC has demonstrated over three decades, it is incredibly inefficient, wasteful and redundant to have the SEC involved in the nuances of real estate decisions when GSA exists for that very reason. Like other federal agencies, the SEC would continue to have input and involvement in the decision-making process, but the ultimate real estate authority would lie with GSA, where it belongs.

I urge my colleagues to support this bill.

PERSONAL EXPLANATION

HON. MIKE BOST

OF ILLINOIS
IN THE HOUSE OF REPRESENTATIVES
Monday, March 1, 2021

Mr. BOST. Madam Speaker, I was unavailable to vote in the House on February 17, 2021 and February 26, 2021. Had I been present, I would have voted: Roll Call 41: NAY; Roll Call 42: YEA; Roll Call 43: YEA; Roll Call 44: YEA; Roll Call 45: NAY; Roll Call 46: NAY; Roll Call 47: NAY; Roll Call 48: YEA; and Roll Call 49: NAY.

PERSONAL EXPLANATION

HON. ADAM KINZINGER

OF ILLINOIS
IN THE HOUSE OF REPRESENTATIVES
Monday, March 1, 2021

Mr. KINZINGER. Madam Speaker, I was unable to be present to cast votes on February 26. Had I been present, I would have voted: NAY on Roll Call No. 45.

HONORING THE LIFE OF HOT SPRINGS RESIDENT MILLIE PATRICK

HON. BRUCE WESTERMAN

OF ARKANSAS
IN THE HOUSE OF REPRESENTATIVES
Monday, March 1, 2021

Mr. WESTERMAN. Madam Speaker, I rise today to celebrate the life of a true servant of the City of Hot Springs and Arkansas' Fourth Congressional District, Ms. Millie Patrick. She passed away on Friday, February 12, 2021, after years of hard work and sacrifice for her beloved community.

Described by those closest to her as a wonderful friend, Ms. Patrick worked with the Greater Hot Springs Chamber of Commerce

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