Federal Personal Property Disposal: Procedures and Reforms

August 20, 2019
Federal Personal Property Disposal: Procedures and Reforms

*Federal personal property* is generally defined as anything the government owns that is not real property. Common examples of personal property include furniture, cars, laptops, scientific equipment, and machinery. Sound management of the government’s personal property inventory—which is valued at more than $1 trillion—is necessary to mitigate the risk of waste, fraud, and loss. Federal statutes and regulations require agencies to regularly survey their personal property inventories and dispose of items they no longer need (excess personal property). When an agency identifies excess property, it must first offer it at no charge to other federal agencies. If excess property is not transferred to another federal agency, it is then declared “surplus” and may be transferred to a State Agency for Surplus Property (SASP) for distribution to state and local governments and nonprofits. Surplus personal property that is not donated may be sold to the public. Unsold surplus property may be abandoned or destroyed (including through recycling).

Personal property surveys may identify items that are still needed, are near the end of their useful lives, and need to be replaced. Agencies have the authority to exchange (trade in) or sell the items that need to be replaced and apply the credit (from an exchange) or sales proceeds to the acquisition of similar items. The method of replacement chosen—exchange or sale—should maximize the potential offset to the cost of acquiring new items.

The government may realize cost savings when agencies regularly survey their inventories and dispose of excess and surplus property in a timely manner. Federal expenditures may be reduced when one agency’s excess personal property is used to fill another agency’s need and when replacement items are acquired in the most cost-effective manner. Federal expenditures may be further reduced if, as a result of disposing of unneeded items, agencies are able to decrease the amount of space needed to store personal property. Similarly, state and local governments and nonprofits may be able to reduce their expenditures if they obtain surplus federal personal property at no charge.

According to federal auditors, agencies do not consistently fulfill the government’s personal property disposal requirements. Some agencies do not regularly survey their inventories—often because they have not identified who is responsible for implementing the surveys. Agencies have been allowed to establish their own threshold for accountable personal property—items with longer useful lives and higher acquisition costs—below which items are not tracked. As a consequence, some agencies have set accountability thresholds higher than others, thereby excluding more items from regular monitoring and disposition. Agencies have also been able to set their own thresholds for capitalized personal property, which are the items with the longest lives and highest acquisition costs. Capitalized personal property is subject to additional reporting and evaluation requirements, so higher thresholds reduce the scope of oversight. Similarly, some agencies do not identify and dispose of unneeded personal property on an ongoing basis. Rather, they may wait until they face a “triggering event,” such as an office relocation or other real property transition. Without adequate planning for these events, the disposal of unneeded personal property could potentially delay the project and increase costs. Many agencies are unclear on how to use their exchange/sale authorities and often do not choose the option that would provide the greatest potential financial benefits to the government.

The Federal Personal Property Management Act of 2018 (P.L. 115-419) seeks to address these inconsistent policies and practices. The legislation requires the General Services Administration (GSA) to establish government-wide capitalization and accountability thresholds. It also requires GSA to issue guidance that directs agencies to conduct an annual inventory and assessment of capitalized personal property to identify which items, if any, are no longer needed and should be declared excess. The guidance must also require agencies to regularly inventory and assess their accountable personal property.

Implementation of the Federal Assets Sale and Transfer Act of 2017 (FASTA; P.L. 114-287) may result in the disposal of dozens or hundreds of government buildings within the same time frame. FASTA requires agencies to work with GSA to develop a list of recommended real property projects, including the sale, conveyance, consolidation, and reconfiguration of space. GSA submits the recommendations to a newly established Public Buildings Reform Board, which reviews them and submits a revised list to the Office of Management and Budget (OMB) director. If the OMB director approves the list in its entirety, then all of the recommendations must be implemented within six years. Incorporating personal property plans into the FASTA process may mitigate the risk of delays resulting from the disposition of excess items.
Contents

Background .................................................................................................................................................. 1
The Personal Property Disposal Process .................................................................................................. 2
   Disposal by Sale or Exchange to Purchase Replacement Items ....................................................... 4
Weaknesses in the Disposal Process ...................................................................................................... 4
   Lack of Accountability ....................................................................................................................... 5
   Lack of Adequate Guidance ............................................................................................................... 6
   Lack of Timely Reporting .................................................................................................................. 7
   Exchange/Sale Authority .................................................................................................................... 8
Personal Property Legislation .................................................................................................................. 9
   Analysis ............................................................................................................................................... 9
Personal Property Disposal and the Federal Assets Sale and Transfer Act ........................................... 10

Contacts

Author Information .................................................................................................................................... 12
Background

Personal property management is a complex undertaking, as federal agencies must track, evaluate, dispose of, and replace a vast array of items. Personal property is defined as any property that is not real property (land, buildings, and structures), with the exception of certain naval vessels (battleships, cruisers, aircraft carriers, destroyers, and submarines).\(^1\) Everything else an agency owns is considered personal property: Desks, computers, vehicles, and laboratory equipment are common examples. Given the size and distribution of the federal workforce—more than 4 million federal civilian and military full-time equivalents\(^2\) are housed at thousands of locations across the country and overseas—the acquisition and maintenance of personal property has required sustained investment by the government. In FY2017, federal agencies reported $1.3 trillion in personal property assets.\(^3\)

Effective management of federal personal property is necessary to prevent waste, fraud, and loss. Each agency is responsible for implementing policies and procedures—known as internal controls—that mitigate risk and promote the efficient use of federal assets. Internal controls help an agency answer fundamental questions about its personal property inventory, such as:

- Does the agency know what it owns?
- Does the agency need everything it has?
- Is the agency disposing of unneeded assets so that other agencies or the public may make use of them?
- Is the agency getting the best price on replacement items?
- What safeguards are in place to make it difficult to steal or misuse personal property?

The Office of Management and Budget (OMB) provides agencies with broad guidance on establishing internal controls via Circular A-123.\(^4\) Specific guidance for agency personal property policies and procedures is primarily located in the Federal Management Regulation, which is promulgated by the General Services Administration (GSA).\(^5\) In addition, Appendix B of Circular A-123 establishes requirements for internal controls over the management of federal charge cards, which includes safeguards for the receipt of personal property acquired with purchase cards.\(^6\)

Personal property management is a relatively decentralized process, and there is no government-wide source of data on agency inventories. Policymakers and federal auditors have shown particular interest in the disposal of personal property, as recent assessments demonstrate that agencies fail to identify and dispose of items

\(^1\) 41 C.F.R. §128-1.5002-5.
\(^2\) CRS Report R43590, Federal Workforce Statistics Sources: OPM and OMB, by Julie Jennings and Jared C. Nagel.
they no longer need. Agencies must continually survey their property holdings, identify items that are not needed, and dispose of any unneeded property by

- transferring it at no cost to other federal agencies,
- donating it to state or local entities,
- selling it to the public, or
- abandoning or destroying it.

Executive agencies use this process to dispose of tens of thousands of items a year. When agencies do not efficiently track, inventory, and dispose of unneeded (excess) property, agencies increase federal expenditures and waste the unused value of personal property assets. For example, an agency may purchase items they could have obtained at no cost from another agency’s excess inventory, and property that is lost or stolen when not properly inventoried may need to be replaced. When federal agencies do not follow a sound property management process, state and local entities may lose the opportunity to acquire excess federal property at no charge, resulting in higher costs for them when serving the public. The federal government also incurs greater storage expenses when agencies hold onto excess property and loses revenue from potential sales. To address these concerns, Congress passed the Federal Personal Property Management Act of 2018 (Personal Property Act; P.L. 115-419), which establishes new inventory tracking and assessment requirements for federal agencies.

This report begins with a discussion of federal personal property management guidance, then examines weaknesses in agency policies and procedures. Next, the report analyzes the Personal Property Act and how it may address weaknesses in the personal property disposal process. The report concludes with observations on the intersection of real property and personal property.

### The Personal Property Disposal Process

The personal property disposal process begins when an agency determines it no longer needs certain items. To ensure that agencies are able to identify unneeded or “excess” personal property in a timely manner, they are required to maintain adequate property controls and continually survey their inventories to determine the utility of each item.

When an agency identifies excess property, it has the option to transfer an item directly to another federal agency, provided the item had an acquisition cost of less than $10,000. Excess property with an acquisition cost of $10,000 or more may be transferred directly to another federal agency.

---


8 41 C.F.R. §102-36.35.


10 The statutes and regulations discussed in this report apply only to executive branch agencies and not to the legislative or judicial branches.


12 41 C.F.R. §102-36.145.
with verbal approval from the appropriate GSA regional office. Generally, direct transfers are made at no charge for the property itself, but the requesting agency is responsible for transportation and shipping costs. Agencies may also perform a direct transfer of computers or peripheral tools (e.g., modems and printers) to schools or educational nonprofits through the Computers for Learning Program, which was established pursuant to Executive Order 12999, “Educational Technology: Ensuring Opportunities for All Children in the Next Century,” and encompasses educational institutions for children in pre-kindergarten through secondary school.

If an agency does not perform a direct transfer of excess personal property, it must promptly report the property to GSA. Excess property may be reported online through the GSAXcess system, electronic batch, or hard copy. Once excess property is reported to GSA, it undergoes a 21-day screening process, during which the property may be viewed online (if it was entered into GSAXcess by the reporting agency) or inspected onsite (at the agency). During the 21-day period, excess personal property may be transferred to other federal agencies as well as to the Senate, the House of Representatives, the Architect of the Capitol, the District of Columbia government, and certain mixed-ownership government corporations.

If no federal agency requests the excess property, then it is declared “surplus,” and GSA has five days to donate it at no charge to eligible recipients. Such recipients include state and local governments; municipal agencies; and nonprofits that provide support for education, public health, or veterans groups. The surplus personal property is not transferred directly to the recipients. Rather, each state has a State Agency for Surplus Property (SASP), which receives the property and distributes it to qualified agencies and organizations.

Surplus personal property that is not donated within the five-day period may be sold to the general public. GSA makes surplus property for sale available on its public auction website and may also sell property through live auctions, fixed price or negotiated sales, sealed bids, or

---

13 41 C.F.R. §102-36.145.
14 41 C.F.R. §102-36.75(a).
18 GSAXcess is GSA’s online system for reporting, searching, and selecting personal property. It may be accessed at https://gsaxcess.gov.
20 GSA, “Personal Property for Sale and Reuse.”
21 41 C.F.R. §102-36.60.
23 A list of state SASPs may be found at https://www.gsa.gov/buying-selling/government-property-for-sale-or-disposal/personal-property-for-reuse-sale/or-state-agencies-and-public-organizations/state-agencies-for-surplus-property-sasp-contacts.
24 41 C.F.R. §102-38.
25 GSA Auctions, https://gsaauctions.gov/gsaauctions/gsaauctions/?gclid=EAlaIqobChMlterWi7Ww4wIVD9bACh28XQ7yEAAAYASAAEgLQpfD_BwE.
spot bids. Generally, proceeds from the sale of surplus property are deposited into the U.S. Treasury, less the cost of disposition.

Items that do not sell may be recycled, abandoned, or destroyed if they have no value or the estimated cost of their continued care and handling exceeds the estimated proceeds from sale.

Disposal by Sale or Exchange to Purchase Replacement Items

At times, agencies may need to replace personal property that is not excess or surplus. This occurs when an agency still needs a certain category of property to achieve its mission, but some items are no longer able to adequately perform the job, perhaps due to their age or lack of needed functionality. Vehicles that are near the end of their useful lives fit into this category, as does aging medical equipment. In this instance, executive branch agencies have the authority to exchange (trade in) or sell the old property and apply the exchange allowance or sales proceeds toward the purchase of similar items. The purpose of this authority is to reduce the cost of acquisition, and agencies are required to choose the option—exchange or sale—that results in the greatest savings. An agency that opts to sell personal property must use the proceeds to purchase a new similar item within one year.

Federal agencies generated $3.1 billion in exchange allowances and sales proceeds that were applied to new purchases between FY2013 and FY2017. Of this total, sales accounted for $2.9 billion and exchanges accounted for $275 million. GSA accounted for 60% of the total allowances and sales proceeds ($1.9 billion), while four other agencies—the Departments of Homeland Security, Agriculture, Defense, and the Interior—together accounted for $934 million. Vehicle sales were the primary source of exchange allowances and sales proceeds, accounting for 71% ($2.6 billion) of the total.

Weaknesses in the Disposal Process

While GSA plays a central role in screening and transferring excess personal property, each executive agency is responsible for continually surveying its own inventory and declaring unneeded property “excess” in a timely manner. When agencies do not fulfill these duties, government resources are not used efficiently, and public funds may be expended unnecessarily. A federal agency may purchase items that could have been obtained at no charge from another

---

28 Abandonment typically refers to a federal agency relinquishing all rights to personal property and leaving it at a contractor’s premises, as described in Section 45.603 of the Federal Acquisition Regulation at https://www.acquisition.gov/content/45603-abandonment-or-destruction-personal-property.
29 41 C.F.R. §102-37.320.
agency’s excess inventory, for example, or a state government may expend public funds to acquire equipment it could have obtained for free from a federal warehouse. In addition, agencies did not always obtain the maximum exchange allowance or sales price when replacement items were needed.\(^37\) The variance in agency disposal policies and practices likely contributes to wasteful and inefficient use of federal personal property.

**Lack of Accountability**

Generally, agencies designate officials, known as property custodians, who are responsible for personal property management and disposal. A 2018 report by the Government Accountability Office (GAO) examined the personal property policies of five agencies\(^38\) and found that while all five had broad policies that required ongoing surveys of personal property, only one specified that their custodians were responsible for doing so.\(^39\) A separate audit of the Environmental Protection Agency (EPA) found that while EPA’s policies required annual inventories, the agency did not provide adequate oversight of the contractors hired to perform them.\(^40\) As a consequence, the annual inventories were inaccurate and incomplete.\(^41\) When surveys are performed irregularly, or records are of poor quality, an agency is at risk of holding onto excess property that could be better used elsewhere.

An audit of the Federal Aviation Administration (FAA) found that the agency’s organizational structure created problems for implementing the continual survey requirement.\(^42\) Personal property policies at FAA were developed by the Aviation Logistics Organization, but the custodians who were supposed to follow those policies were not subject to the organization’s authority.\(^43\) Moreover, auditors found that custodians were not evaluated by their direct supervisor on how well they performed their personal property duties.\(^44\) This lack of oversight may have contributed to the auditor’s findings that FAA property custodians did not perform required inventories or maintain accurate records of equipment.\(^45\) Of the FAA’s 2,330 cost centers (subdivisions with personal property), nearly 8% had never been inventoried, resulting in thousands of items worth tens of millions of dollars being retained by the agency regardless of FAA’s need for them.\(^46\) The misalignment of policies and internal structure resulted in the agency potentially holding onto property it did not need, thereby limiting opportunities for other entities to access these assets and driving up storage costs unnecessarily.


\(^{38}\) The selected agencies were the Environmental Protection Agency, the Forest Service, GSA, the Department of Housing and Urban Development, and the Internal Revenue Service.


\(^{44}\) FAA, Office of Inspector General, *FAA Lacks Effective Internal Controls*, p. 4.


Lack of Adequate Guidance

In some cases, agencies did not provide sufficiently detailed guidance on the types of personal property to survey. Agencies typically divide their inventories into three accounting categories:

1. **Capitalized property** generally has the highest original acquisition cost. Property in this category has the longest useful expected life and is depreciated and reported as an asset in an agency’s annual financial statement.\(^{47}\) An example would be equipment with an original acquisition cost above the capitalization threshold.

2. **Accountable property** is nonexpendable personal property with an expected useful life of two years or longer that an agency decides should be tracked in its property records based on its original acquisition cost and sensitivity.\(^ {48}\) Agencies typically record capitalized property as accountable property because of its high acquisition costs, while laptops are considered accountable because of the sensitive information they may contain, regardless of original cost.\(^ {49}\) Agency vehicles that fall below the capitalization threshold are typically considered accountable property.

3. **Non-accountable property** falls below the accountable property threshold and is not considered sensitive. Desks and chairs are common examples of non-accountable property, provided they fall below the accountability threshold.

Agencies are allowed to set their own personal property capitalization and accountability thresholds, which vary across the government. EPA, for example, set its capitalization threshold at $25,000,\(^ {50}\) while the FAA set its capitalization threshold at $100,000.\(^ {51}\) Similarly, the Department of Housing and Urban Development set its threshold for accountable property at $5,000, while GSA set its accountable property threshold at $10,000.\(^ {52}\) The variation in thresholds leads to a variation in inventory management, particularly as it relates to disposal: Agencies often do not track or assess the need for non-accountable items.\(^ {53}\) Some agencies argue that the amount of manpower needed to track low-value items is too high to make it cost-effective, while others say it is not required by law, so they choose not to do so.\(^ {54}\)

OMB has taken the position that assessing non-accountable property is necessary for effective internal controls.\(^ {55}\) For example, tracking non-accountable property may prevent unnecessary purchases. After an audit of EPA’s Landover warehouse determined that the property stored there had not been fully assessed for need, the agency inventoried thousands of items of non-accountable personal property and transferred $90,000 in excess furniture and carpet to its Research Triangle Park campus and $137,000 in property to another federal agency.\(^ {56}\) Additional


\(^{50}\) EPA, Office of Inspector General, *Spending Taxpayer Dollars*, p. 15.

\(^{51}\) FAA, Office of Inspector General, *FAA Lacks Effective Internal Controls*, p. 3.


\(^{56}\) EPA, Office of Inspector General, *Spending Taxpayer Dollars*, pp. 7-10.
cost savings may result from the reduced need for warehouse space. Auditors estimated that disposing of excess non-accountable property at EPA’s Landover and Cincinnati warehouses could save $5.8 million in warehouse lease costs over a five-year period.57

Agencies may also lack policies that provide custodians with criteria for determining whether personal property is excess, which can result in inconsistent practices across the government.58 One exception is the Internal Revenue Service, which provides guidance on assessing need, such as whether an item is still needed in its current location and, if not, whether it would be cost-effective to transport the item to another location.59 Without clear criteria, it is possible that custodians have deemed property as non-excess that may, in fact, be unneeded by the agency—thereby reducing disposals and increasing the likelihood that agencies will make unnecessary purchases and rent more warehouse space than they would have if the inventory had been performed with more specific guidance.

Lack of Timely Reporting

One consequence of failing to regularly survey accountable and non-accountable property is that agencies do not report excess property in a timely manner. Some unneeded property may sit in warehouses for long periods of time. EPA, for example, kept multiple refrigerators in storage at its Landover warehouse for seven years.60 During that time, the agency expended funds unnecessarily on storage space for the refrigerators and lost the opportunity to dispose of them to another government agency or nonprofit that serves the public. In many cases, agencies do not report excess property until a “triggering event” forces the issue, such as an office relocation, consolidation, or renovation.61 Typically, agencies try establish a plan to dispose of items such as unneeded furniture or computers during a triggering event to make the transition easier and to make space for new property that may be part of the move. A disposal plan sets milestones, identifies the staff and other resources needed, and gives specific directions on what needs to be done to complete disposition in a timely manner.62

The amount of excess personal property identified during a triggering event may grow as some agencies implement OMB’s Reduce the Footprint (RTF) initiative. In an effort to decrease the amount of space federal agencies own and lease, RTF requires each agency subject to the Chief Financial Officers Act to submit an annual Real Property Efficiency Plan.63 The plan must include new design standards for employee workstations. GSA, for example, reduced its standard for usable square feet in new or renovated offices from 150 per person to 136. (Agencies do not have to retrofit existing buildings under RTF.)64 When agencies relocate or renovate, their existing

---

57 EPA, Office of Inspector General, Spending Taxpayer Dollars, p. 16.
60 EPA, Office of Inspector General, Spending Taxpayer Dollars, p. 13.
64 OMB, Implementation of OMB Memorandum M-12-12, pp. 1-2.
furniture may not fit the reduced space allotments, thereby rendering hundreds or thousands of items of personal property excess at one time. Without careful planning, agencies may find it challenging to dispose of their existing furniture and acquire new furniture during a transition.

**Exchange/Sale Authority**

As noted, executive agencies have the authority to exchange (trade in) or sell used property and apply the exchange allowance or sales proceeds to the cost of acquiring replacement items. According to federal auditors, not all agencies use this authority to maximize the benefits it affords, and many agencies use the authority sparingly, if at all.

Knowledge of how to use the exchange/sale authority varies across and within agencies—especially when an agency has a decentralized disposal process. Each of the 172 medical centers of the Department of Veterans Affairs (VA), for example, monitors its needs and orders replacement equipment, but VA officials reported that the exchange/sale process was not well understood in some centers. As a consequence, some medical centers opted to exchange equipment that would have generated a greater monetary return had it been sold, while others were not clear on whether they were permitted to sell equipment when exchange was also an option.

Some agencies may need additional guidance or training to facilitate greater use of the exchange/sale authority. GAO found that of the 27 agencies that reported exchange/sale transactions from FY2013 through FY2017, a subset of 10 agencies used the authority on a limited basis. While these agencies may not use the authority because they do not have suitable property to sell or exchange, GSA officials said they believe that a primary factor is lack of knowledge. Similarly, a VA official stated that if VA medical centers had better guidance, their use of the exchange/sale authority might increase.

Auditors have found that some agencies, notably GSA and VA, have not monitored and reported their exchange/sale transactions correctly. GSA officials said they do not know the extent to which internal offices have, or should be using, the authority. Officials stated that the lack of monitoring has been due to the low level of priority that GSA has placed on personal property management in general. VA officials conducted limited monitoring of their use of the authority, and audits found widespread reporting errors. One medical center reported about 1,000 sales transactions under the exchange/sale authority—all of which were incorrect. The medical center had mistaken sales of surplus property for sales of needed (non-excess, non-surplus) property that was being replaced. Another medical center reported no exchange transaction, but auditors found several, including one valued at $500,000. It may be difficult to assess the effectiveness of the authority—including the savings it generates—when monitoring is limited and reporting is inaccurate.

---

Personal Property Legislation

The Personal Property Act (P.L. 115-419) was written to address the inconsistent standards in agency inventory practices and thresholds. To that end, Section 2 of the legislation requires the GSA administrator to issue guidance that will direct agencies to conduct an annual inventory and assessment of capitalized personal property to identify which items, if any, are no longer needed and should be declared excess. The guidance also requires agencies to regularly inventory and assess their accountable personal property.

The evaluation of need for both capitalized and accountable personal property must consider:

- the age and condition of the personal property,
- the extent to which the executive agency uses the personal property,
- the extent to which the mission of the executive agency is dependent on the personal property, and
- any other aspect of the personal property that the administrator determines is useful or necessary for the executive agency to evaluate.

Section 2 further requires agencies to establish capitalization and accountability thresholds for acquisitions of personal property. Agencies are also required to establish and maintain records of accountable property in a centralized system. The Personal Property Act was enacted in January 2019. GSA has not issued the required guidance as of the date of this report.

Analysis

The Personal Property Act is designed to address several weaknesses in the property disposal process. It requires GSA to give better guidance to agencies for inventorying and assessing their capitalized and accountable property. A concern repeatedly voiced by agency officials and auditors was the lack of clear direction on how to set up an effective property oversight program, particularly with regard to assessing items for continued need. The determination that property is in excess initiates the disposal process, so improving agency assessment policies and practices may reduce the amount of unneeded property that agencies store and result in cost savings for warehouse space. By moving more excess property through the screening process, federal agencies, state and local governments, and nonprofits may have more opportunities to acquire personal property items at no cost, thereby reducing their expenditures as well. While the new guidance requirements do not extend to non-accountable property, they focus on the highest-value items in an agency’s inventory. Given that some agencies may lack the manpower to perform ongoing surveys of all of their property, emphasizing management of capitalized and accountable property may be seen as a cost-effective use of limited resources.

The Personal Property Act also requires GSA to set capitalization and accountability thresholds. Currently, agency thresholds may vary widely. As a result, agencies may treat the same property differently. An item that cost $7,500 might be above the accountability threshold at one agency—and be subject to more stringent inventory and assessment rules of the Personal Property Act—but below the threshold at another. Similarly, capitalized property must be recorded on an agency’s balance sheet as an asset. The higher the capitalization threshold, the fewer assets are

---

reported, which in turn affects the representation of the agency’s financial position. Capitalized assets must also be depreciated—that is, the cost of an asset must be allocated to the programs and operating periods benefitting from use of the asset.\textsuperscript{75} By understating the number of assets an agency owns, high capitalization thresholds also reduce depreciation data, and the full cost of programs and operations may not be captured.\textsuperscript{76} Standardizing capitalization thresholds may improve agency financial reporting and program management by capturing a larger number of personal property assets. Standardizing accountability thresholds may also result in more consistent treatment of items with the same acquisition cost. Agencies with accountability thresholds above the level that GSA establishes may be required to expand the scope of their inventory surveys. If so, they may increase the number of items determined to be excess, resulting in reduced expenditures for storage, among other potential benefits.

**Personal Property Disposal and the Federal Assets Sale and Transfer Act**

The disposal of excess personal property is often initiated by “triggering events,” such as relocation, reconfiguration, or consolidation. In such cases, agencies appear to be unaware of the full scope of excess property in their inventories until they are tasked with moving or replacing it. If an agency is unprepared to manage the disposal of excess property during a transition to new space, whether temporary or permanent, it may cause delays or increase the costs associated with the move.

In August 2017, for example, GSA began the process of reconfiguring federally leased space at 26 Federal Plaza in New York City. The project, which has an estimated completion date of February 2020, required GSA to relocate several federal agencies to One World Trade Center during the reconfiguration. GSA did not have a plan to dispose of the excess personal property left behind at 26 Federal Plaza.\textsuperscript{77} Without a disposal plan in place, GSA did not ensure that sufficient staff were available to adequately manage the disposition of so many items.\textsuperscript{78} Moreover, GSA did not follow the required screening process in which unneeded property is first offered to federal agencies for 21 days, then offered to SASPs, then for put up for sale to the public, then considered for abandonment or destruction. Instead, GSA primarily relied on informal “word of mouth” communication with other federal agencies for disposition.\textsuperscript{79} The disposal process was further delayed by inadequate personal property records, which forced the relocated agencies to reassess their inventories.\textsuperscript{80} One year after the relocation was complete, “a


\textsuperscript{76} GAO, *Financial Management*, p. 12.


large volume of excess personal property” remained at 26 Federal Plaza.81 This may delay the reconfiguration and increase the costs associated with the project.

The issues observed during the 26 Federal Plaza reconfiguration may be experienced on a broader scale during implementation of the Federal Assets Sale and Transfer Act of 2016 (FASTA, P.L. 114-287), a sweeping piece of real property management legislation.82 FASTA requires federal landholding agencies to submit recommendations for the sale, transfer, conveyance, renovation, reconfiguration, or consolidation of unneeded real property. These recommendations are submitted to the GSA administrator, who reviews and edits them and then passes a government-wide list of proposals on to a newly established Public Buildings Reform Board. The board examines GSA’s list of proposals, holds hearings on them, solicits additional proposals from the public, and compiles a revised list of recommendations to send to the director of OMB, who may approve or reject the board’s recommendations in whole. If they are rejected, the board may resubmit its recommendations after reviewing the OMB director’s explanation for the rejection. If the OMB Director approves either the initial or revised list, agencies must begin planning the implementation of all of the recommendations. Initial steps toward implementation must begin within two years and be completed within six years.

The FASTA process could result in dozens—perhaps hundreds—of real property transitions taking place during the same time period. Many executive agencies may not have accurate inventories of their personal property, may not know the volume of excess inventory they may be required to dispose of, or may lack the resources to manage the disposal of excess personal property at multiple locations. Without adequate preparation, agencies may not be able to dispose of excess personal property in a timely manner, thereby disrupting the transition schedule. One possible way to mitigate these concerns would be for OMB and GSA to develop implementation guidance specific to managing personal property. The guidance might require agencies to prioritize property inventories at sites included in their FASTA recommendations and incorporate personal property disposal into their transition plans. In addition, the guidance might require agencies to request assistance from GSA if they lack the expertise or manpower to effectively dispose of excess property at given sites.

In the future, policymakers might examine the potential benefits of expanding the Federal Real Property Profile (FRPP) to include personal property as well. The FRPP is a comprehensive, publicly accessible database of federally owned and leased buildings, structures, and land. Among other things, it provides data on the size and status of each property, such as square footage and whether it is needed, excess, or surplus. When populated with accurate data, the FRPP enhances the transparency of the federal real property inventory, facilitates policy analysis, and enables the public to search for information about properties that are currently or may become available for conveyance or purchase. Arguably, adding personal property data to the FRPP may provide similar benefits. An expanded FRPP could include agency inventories of capitalized property, thereby giving the public and policymakers a single source for data on much of the government’s most expensive plant, property, and equipment investments.

The Personal Property Act requires agencies to have complete inventories of accountable property. Typically, accountable property (e.g., cars, medical equipment) has a shorter useful life than capitalized property and becomes excess sooner. By including data on accountable property, an expanded FRPP might enable policymakers to better evaluate the funding needs of agencies that face aging assets. It might also assist certain government agencies and nonprofits, as they

81 GSA, Office of Inspector General, Audit of GSAs Management, p. 2.
may use the information to estimate when accountable federal property might be declared excess and therefore become available to them. The expanded FRPP might also include information on excess property, although it would need to be updated regularly to reflect the movement of property through the disposal process. Publishing data on excess property in this manner might help hold agencies accountable for completing their inventories and ensuring that disposal is completed in a timely manner.

Author Information

Garrett Hatch
Specialist in American National Government

Disclaimer

This document was prepared by the Congressional Research Service (CRS). CRS serves as nonpartisan shared staff to congressional committees and Members of Congress. It operates solely at the behest of and under the direction of Congress. Information in a CRS Report should not be relied upon for purposes other than public understanding of information that has been provided by CRS to Members of Congress in connection with CRS’s institutional role. CRS Reports, as a work of the United States Government, are not subject to copyright protection in the United States. Any CRS Report may be reproduced and distributed in its entirety without permission from CRS. However, as a CRS Report may include copyrighted images or material from a third party, you may need to obtain the permission of the copyright holder if you wish to copy or otherwise use copyrighted material.