



## NATIONAL ASSOCIATION OF STATE AGENCIES FOR SURPLUS PROPERTY

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Mr. Corey B. Runnels, Manager  
Bearing Point  
1676 International Drive  
McLean, Virginia 22102-4828

Dear Mr. Runnels:

The multitude of problems – including waste, fraud, and abuse – resulting from the current lack of an accurate, comprehensive federal property management system were not created overnight. Therefore, no quick and easy solution will be forthcoming. However, there are some cost-effective solutions that will improve the current state of federal property accountability.

### **ACCEPT RESPONSIBILITY**

The General Services Administration was created by the Federal Property and Administrative Services Act of 1949 specifically to serve as the central clearinghouse of federal property management best practices and accurate information. While the Administrator certainly has the authority to delegate these responsibilities, the ultimate duty of oversight still falls on his shoulders. If an agency to which the Administrator has delegated property management functions is not abiding by the law, it is his responsibility to rectify the situation, either by ensuring that the law is followed or rescinding the agency's authority to manage its own property disposition. Throughout the years, GSA has abdicated its responsibility in the field of property management in favor of the expedient, though proportionately miniscule, profit it makes on sales. GSA must re-align its focus on its core mission – property management – if any effort to rectify the current condition of federal property management is to succeed.

### **PROVIDE GUIDANCE**

As the central clearinghouse for property management best practices, GSA is responsible for providing clear, concise guidance as to the use of best practices. The Administrator is granted broad authority to issue property management regulations to assist all executive agencies in the implementation of property management best practices. As such, GSA must review all current federal property management regulations with an eye towards clarifying best practices and providing clear, concise guidance for executive agencies in accordance with the provisions of the Federal Property Act. All such regulations should be gathered into one Federal Property Management manual, and distributed to all federal property managers, accompanied by an appropriate level of GSA-provided training to ensure that all property managers understand the regulations and that the regulations are implemented uniformly.

### **ENSURE COMPLIANCE**

The Federal Property Act clearly states that all executive agencies are to comply with the provisions of the Act. The sole exception for compliance is the Department of Defense, and only then in matters of national security. In all other matters, it is mandated that DOD comply with GSA regulations. Currently, so many exceptions exist to the property management regulations as to render them useless. In order for a system to be effective, it

must be uniform. The Act clearly states that reutilization is the highest, most cost-effective disposition of federal excess property, allowing the American taxpayers to realize 100% of the value of their investment. Donation to public bodies through the State Agencies for Surplus Property is the second highest priority, as it also allows American taxpayers to realize 100% of their investment through recycling the property back into public use. Sales are the lowest priority, generating a fraction of a penny on the dollar for the value of each dollar invested by the American taxpayers. Federal property management regulations must reflect this priority and must be applied uniformly to all executive agencies in order to ensure maximum return on federal tax dollars.

## **PROVIDE INCENTIVES**

Currently, federal agencies seem to be under the impression that they have no incentive for implementing best practices in property management. Apparently, maximum utilization of each American tax dollar is not a high priority among federal property managers. For years, federal agencies have clamored for the retention of sales proceeds of property sold as the one major provision that would encourage them to take better stock of their property management efforts. **Retention of sales proceeds will only serve to reinforce the poor property management practices that resulted in the current federal fiscal disgrace.**

Legally, the retention of sales proceeds is unconstitutional. According to our Constitution, no monies may be spent on behalf of the United States without a Congressional appropriation. The logic behind this stipulation is simple. All monies in the US Treasury, all assets – including real and personal property -, all debts and liabilities incurred by the United States, are ultimately the responsibility of American citizens. Even during colonial times, our population was too large to allow for a meeting of everyone in the Nation in order to determine the allocation of national resources. Therefore, such power was vested in the House of Representatives, as that body most closely represented the will of the People. Agency retention of sales proceeds subverts the constitutionally-mandated appropriations process, allowing agencies the freedom for wholesale augmentation of their budgets through the sale of assets without the consent of the American taxpayers who, as a result of this systematic abuse of money entrusted to the federal government, will realize only a fraction of a penny on each tax dollar invested, and will lose their right to determine how even that pittance should be spent in the best interests of the Nation as a whole.

If federal agencies will not implement best practices in property management out of a sense of responsibility to the American taxpayers by whom they are employed, a powerful incentive for compliance exists in the appropriations process itself. Congress has the authority to cut funding for programs that do not operate efficiently. A current item on the Presidential Agenda ties employee performance with Congressional appropriations. Property management, another Presidential priority, should also be tied to Congressional appropriations.

## **CONSOLIDATE SIMILAR PROGRAMS**

Currently, there are several overlapping property donation programs administered by various federal agencies. The Department of Agriculture, Bureau of Forestry manages the Cooperative Forest Fire Prevention Program, which enables the Department to loan equipment and supplies to rural fire departments in exchange for assistance in fighting forest fires. NASA, NIH, DOD and DOE all administer excess personal property programs for their grantees, loaning educational and scientific equipment to universities holding federal research grants. DOD and DOJ administer the distribution of excess property to law enforcement agencies. Each such program maintains its own staff for determining program eligibility, property distribution, and compliance with Federal use regulations. The State Agencies for Surplus Property already have in place all such mechanisms, including equitable distribution. Much federal waste and inefficiency could be eliminated by allowing the SASPs to do what they do best – equitably distribute and uniformly monitor the usage of federal property – and allowing federal agencies to focus on their core missions.

## ENHANCE CURRENT SYSTEMS

The current system for screening and holding federal excess and surplus property is both antiquated and inadequate. This system can be greatly enhanced by performing several simple, cost-effective changes. First, the GSA Administrator must insist that the several varied computer systems currently in use be consolidated into one comprehensive system. DOD operates their system for property management at the will of the GSA Administrator, yet GSA also maintains a separate system that incorporates Federal civilian property into the realm of available property. The GSA system should take precedence and be the primary system for use in screening both excess and surplus property for all customers. Within the GSA system, all property information must to be enhanced with fuller, more accurate descriptions and pictures. Such information should be required of the holding agency **before** any disposition of the property can occur.

While none of these improvements, either separately or together, will undo the damage of 50 years of neglect in the federal property management system, each improvement will be a cost-effective step towards the ultimate goal of an accurate, current, and transparent accounting of the federal government's assets.

Sincerely,

Scott E. Pepperman, President  
**NASASP**