



**GENERAL SERVICES ADMINISTRATION FEDERAL ASSET SALES
PERSONAL PROPERTY UTILIZATION AND DONATION STUDY**

FINDINGS AND RECOMMENDATIONS

DECEMBER 19, 2003

Preface

The Congress shall have Power to dispose of and make all needful Rules and Regulations respecting the Territory or other Property belonging to the United States; and nothing in this Constitution shall be so construed as to Prejudice any Claims of the United States, or of any particular State.

U.S. Constitution
Article IV. Section 3, Clause 2

“All politics is local.”

Thomas “Tip” O’Neill
Speaker
U.S. House of Representatives
1977-1987

The Office of Management and Budget has asked that the Federal Asset Sales team study the Federal personal property disposal process, specifically the utilization and donation program to determine if there are opportunities for improvement. In order to fully understand the Federal personal property utilization and donation process, including the complex labyrinth of rules, regulations and laws, one has to appreciate the setting and context.

Over 225 years ago, the framers of the U.S. Constitution determined that the authority and power to impact personal property rests solely in the U.S. Congress. Congress has directed the General Services Administration to manage the overall property disposal program. Concurrently, the Federal personal property program reflects the political dynamics, values, and current issues of the day. It would be difficult to find another Federal program that has as many worthwhile, although competing interests vying daily for such a diverse class of assets like vehicles, aircraft, clothing, and heavy equipment.

Any one of these competing interests is meritorious within their own right. Over time each of these worthwhile causes has had an elected representative champion its cause, articulating their value to the local community, their state, the Congress, and their nation. As you read through this report, keep in mind that each worthwhile cause and ensuing program strives to make this a better world.

Acknowledgements:

We thank the many enthusiastic personal property managers in the Federal and State community who participated in this study. In the course of our interviews and discussions it was obvious that personal property managers are a dedicated group of individuals who feel passionately about what they do and how they are making a difference in their government’s service. A final thank you to Deidre Huber and Bob Holcombe and their respective associates for the insight that they have provided, the cooperation that they have offered and the encouragement that they have given in ensuring that the taxpayer is well served.

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1.0 Summary of Findings

In June 2003, the U.S. Office of Management and Budget (OMB) asked the Federal Asset Sales (FAS) team to study, analyze and review the Federal personal property utilization and donation (U&D) program to assess opportunities for improvement. The U&D program involves the transfer of excess personal property among Federal agencies and other authorized recipients (utilization), and the transfer of surplus property to State Agencies for Surplus Property for donation to state and local public agencies and certain nonprofit organizations (donation).¹ This report documents the results of the U&D study, and includes an analysis of findings and recommendations for a future state environment.

Shortly after the study began, it became apparent that U&D must be studied in the context of the entire asset lifecycle, since many issues affecting U&D originate in other asset stages. The study attempts to provide a thorough analysis of issues affecting U&D, while also remaining within its original scope.

Incomplete asset management, organizational and resource limitations, and political influence were all found to hinder U&D performance. Recognizing that U&D is part of a broader personal property asset lifecycle, the U&D Team recommends both incremental enhancements to the U&D program and a more holistic recommendation for comprehensive asset management. The stakeholder-vetted incremental enhancements are designed to improve the current U&D program. The breakthrough enhancements are centered on better asset management for federal personal property across the entire lifecycle, which are critical for any significant and sustainable improvements to U&D.

The Appendix includes extensive background materials, including an overview of U&D processes and procedures, a review of certain asset management practices, and a summary of feedback and ideas received from selected U&D stakeholders during team interviews conducted between July and August 2003.

A summary of our findings and recommendations follows.

1.1 Key Findings

The utilization and donation program was created to provide two types of benefit to government and to society:

- *Economic benefits* through cost savings associated with reusing existing federal assets, and reducing the need to procure new assets, and
- *Social benefits* through the donation of assets to state and local governments and non-profit organizations that would be difficult for them to obtain otherwise. In addition to the tax

Key Finding Take-Aways

- **A low percentage of assets reported excess are utilized (transferred) or donated.**
- **Incomplete asset management, organizational and resource limitations, and political influence were all found to hinder U&D performance.**
- **Data constraints limit thorough U&D analysis.**

¹ See Section 1 of Appendix for a complete description of the personal property asset lifecycle, including U&D and the disposal process.

(economic) savings created, the use of these assets provides a range of social benefits including skills development, disaster preparedness, and community building.

A review of U&D indicates that neither benefit is being maximized presently. Of the assets reported as excess, only 9 percent were utilized (transferred to another agency) and only 5 percent were donated through state agencies to eligible recipients. The remainder (88 percent) were available for sale (Table1).² This relatively weak U&D performance is due to a combination of organizational and resource limitations, inefficient asset management practices, and political influences.

Table 1: U&D Performance Statistics, FY 2001 – 2003

Disposal Options	% Assets Going Through Various Disposal Options (Avg)	Avg of 2001-2003	2001	2002	2003	Total
Reported	100%	\$8,799,455,531	\$10,177,731,748	\$8,877,393,027	\$7,343,241,818	\$26,398,366,593
Utilization	9%	\$787,205,918	\$981,851,323	\$512,544,969	\$433,610,731	\$1,928,007,023
Donation	5%	\$451,281,976	\$572,730,230	\$426,846,469	\$354,269,228	\$1,353,845,927
Final Disposition	88%	\$7,705,504,548	\$8,623,150,195	\$7,938,001,589	\$6,555,361,859	\$23,116,513,643

Source: FEDS

Organizational and resource limitations - While GSA and agency staff lack sufficient authority to enforce U&D policy and procedure, competing priorities, tight budgets, staff shortages and warehousing constraints make it difficult for stakeholders to run an efficient and effective program. The lack of sufficient authority to enforce U&D policy and procedure further aggravates these constraints. U&D is not a mission critical activity for most federal agencies. Most staff are only part-time property managers, which can contribute to a lack of sufficient knowledge of U&D procedure and policy. Staff also do not perceive sufficient incentives to participate in the program. For example, most agencies do not have rigorous internal performance measures for U&D performance.

Inefficient asset management practices - Improvements in asset management systems, processes, and information flow throughout the asset lifecycle would drive significant improvements in the U&D programs. Incomplete and inconsistent asset tracking and labeling throughout the asset lifecycle reduce the number of assets that reach U&D, reduce the information available, and hinder the efficiencies of the program.

Political influences - Congressional authority over the disposition of federal property has provided constituents and special interests the ability to influence property disposal. This has led to the creation of a number of “special authorities” or statutory provisions that allow property to bypass U&D and go directly to particular groups. As these “special authorities” have increased, the remaining pool of assets that normally would

² Unless otherwise stated, the study references statistics from FEDS only. The study did not use ADMS data since ADMS data was not complete. The FAS team has made several efforts to verify our data with the Federal community. However, some DoD data may not be captured in the figures used in this document.

have entered the U&D cycle has been reduced. The growth of special authorities has also caused fragmentation in the disposal process and distorted U&D outcomes by making the program more constituent-driven than needs based. The lack of reliable and transparent data from these special authorities makes it difficult to determine who is receiving property, and whether they in fact create benefits of equal or greater value than U&D.

Statistics also suggest that the utilization program is moving away from its economic objective of creating procurement avoidance within the Federal government, and instead providing significant benefits to parties outside the federal government, similar to the donation program. A significant portion of assets going through utilization over the last several years has provided benefits to groups outside the federal government, and has not contributed toward procurement avoidance within the federal community. Most procurement avoidance is likely being realized at the intra-agency stage, prior to assets being declared excess and going through U&D.

Table 2: Top Federal Asset Recipients in FY 2001-2003³			
	Department Level	Avg \$ Value*	% Total
1	US Dept. of Agriculture	\$122,382,642	19%
2	United States Air Force	\$116,832,498	18%
3	United States Navy	\$78,644,168	12%
4	Dept. of Interior	\$62,540,091	10%
5	Dept. of State	\$55,579,990	9%
6	Dept. of Justice	\$54,081,806	8%
7	Dept. of Transportation	\$43,574,176	7%
8	Tennessee Valley Authority	\$43,030,434	7%
9	National Aeronautics and Space Admin.	\$42,296,968	7%
10	United States Army	\$29,408,815	5%
11	US Agency for International Development	\$27,022,169	4%
12	Smithsonian Institution	\$23,964,781	4%
13	National Science Foundation	\$15,881,904	2%
14	Dept. of Labor	\$10,635,307	2%
	Average: Top 10 '01-'03	\$531,448,226	
	Top 10 Percent of Total:	83%	
	Average: Total '01-'03	\$642,669,008	

*Data reported in Original Acquisition Cost (OAC)
Source: FEDS

Combined, these organizational and resource limitations, asset management inefficiencies, and political influences have also led to significant data constraints surrounding U&D. Source data on U&D performance vary considerably, and many key data points are unknown or unavailable, such as intra-agency utilization, special authority provisions, and abandonment and destruction. These data constraints make it difficult for the government to conduct a thorough cost-benefit analysis of U&D.

³ This list captures all departments listed as a top ten recipient between 2001 and 2003. There were fourteen agencies that reached that level during those years.

1.2 Recommendations

We propose two sets of recommendations to address these issues:

- *Incremental enhancements* to address U&D programmatic inefficiencies. Certain incremental enhancements would also provide significant asset management benefits as well.
- *Breakthrough enhancements* to improve asset management throughout the asset lifecycle, including but not limited to U&D. The government must address issues of asset management in order to achieve any real, sustainable improvement to U&D.

The study first presents incremental enhancements, given the immediate opportunities that exist, and then reviews more far reaching, or breakthrough asset management recommendations.

Recommendation Take-Aways

- **Incremental and breakthrough enhancements are proposed to improve U&D performance, and address asset management and data-constraint issues.**
- **An initiative that holistically addresses personal property asset management would generate significant social and economic benefits, and substantially improve the U&D program.**
- **Recommendations require GSA [OGP & FSS] and OMB leadership and commitment.**
- **Financial support is critical to drive recommendations and success of U&D.**

Incremental Enhancements - Improving Current U&D Program

Stakeholders interviewed between July and October 2003 raised a portfolio of enhancement options to improve U&D. The FAS U&D team worked with stakeholders in October and November to analyze these enhancements in greater detail in order to identify which were worthy of further analysis, to identify potential impacts and implementation roadblocks, and to prioritize them according to a defined and objective methodology.

The methodology used scored each enhancement according to four criteria: (1) the extent to which it supports U&D underlying objectives, (2) its program impact, (3) its financial viability, and (4) ease of execution. Each enhancement received social and economic benefit score according to the degree that it supports these objectives. The scores were then weighted - financial viability and ease of execution received the highest weightings - and then scores were prioritized into immediate, medium and long term recommendations based on the resulting ranking. The outcome of this process follows:

Table 3: Incremental Enhancement Recommendations

Incremental Enhancement Recommendations		Lead Agency (Support Agency)*	Score
PHASE 1: Immediate Recommendations (Kick off: 0-3 months) Relatively easy to implement or already underway by government.			
1	Create an “ask the expert” customer service interface	FSS	54
2	Provide a means for agencies to submit “Want Lists” to GSAXcess™	FSS	51
3	Leverage Know.Net or a similar system to build a training curriculum	OPM (OGP/FSS)	48
4	Implement a countrywide U&D awareness campaign	FSS (OGP)	45
PHASE II: Medium-term Recommendations (Kick off: 3-6 months) More complex to implement but have high or immediate program impact.			
5	Develop standard product descriptions and apply standard condition codes in GSAXcess™	OGP (FSS)	42
6	Use historical data to segment asset-screening times and improve the asset disposal process	FSS	38
7	Create a central registration system as part of Firstgov that explains all special authorities and where recipients of special authorities can pre-qualify	OGP	32
PHASE III: Long-term Recommendations (Kick off: 6-12 months) Most complex to implement or have lower or longer-term program impact.			
8	Implementation of agency metrics and internal agency reporting	Agency-specific	28
9	Tie full-time property management positions to pre-specified training	OPM	25
10	Encourage agencies to use (and enforce) excess as first source of supply more rigorously within their organizations	OGP	20

* FSS – Federal Supply Service of the General Services Administration; OGP – Office of Governmentwide Policy of the General Services Administration; OPM – Office of Personnel Management. OFPP – Office of Federal Procurement Policy

Detailed descriptions of each recommendation and key action steps for implementation can be found in Section 3.

GSA [OGP & FSS], OPM, OMB, and participating agencies have been identified as potential owners of these recommendations, and we urge them to take advantage of this important opportunity. The implementation of these recommendations will require a significant financial investment. Some recommendations such as “ask the expert” and historic data reports can be done with little or no investment, while others such as “want lists” and identifying standard asset reporting formats will require more time and resources. A detailed financial analysis cannot be included in this report because agency level data is required to assess the precise requirements of each recommendation. The time frames noted in the report as kick-off, are intended to be recommendations to initiate discussions surrounding development and implementation.

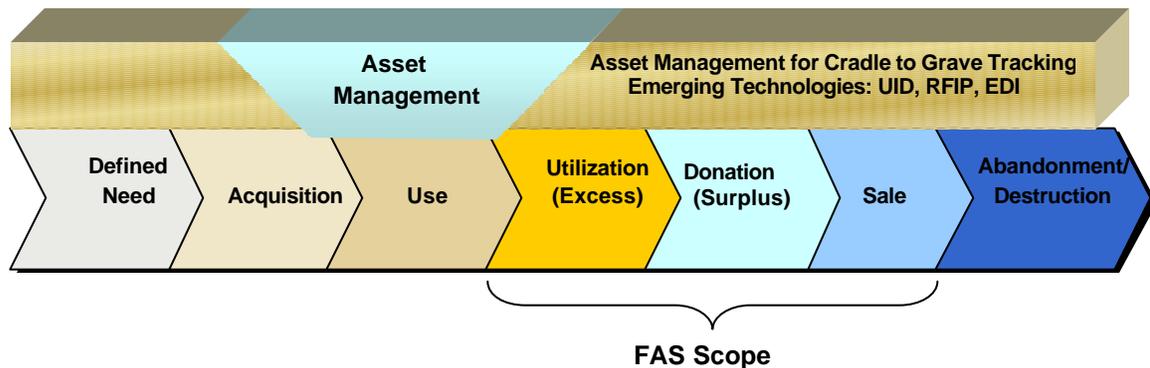
Breakthrough Enhancements – Improving Asset Management

Although many of the incremental enhancements to the U&D program will positively impact the current state program, the FAS Team's research reveals that the challenges in the U&D program are more accurately defined as federal asset management issues, rather than U&D issues. Incomplete asset tracking within agencies results in poor data. This makes it difficult to make informed decisions about asset use and disposal, and to accurately assess the trade-offs involved in these decisions. Most importantly, asset

descriptions, although captured at acquisition, are not updated and tracked throughout the asset lifecycle. As a result, when assets go to disposal, asset descriptions and key asset information such as size, condition, and maintenance records are often missing and not entered into GSAXcess™, the system created by GSA to manage U&D. This limits the benefits available through U&D significantly. Changes in asset management policy, practice and systems to include more aggressive and consistent cradle to grave asset tracking and consistent data standards could drive significant improvements in the results achieved through the U&D program.

Figure 1: Comprehensive Asset Management

Asset management must be integrated into the entire asset lifecycle, not just the use phase.



The FAS U&D Team recommends that asset management issues be addressed in four specific arenas to positively impact the U&D program:

- (1) OGP work with FSS to identify and mandate the use of standard asset descriptions and data elements to be fed into GSAXcess™ by agencies when assets are reported as excess to GSA.
- (2) A new E-Gov initiative currently under consideration by OMB would address personal property asset management. In the absence of such an initiative, OGP should embark on a personal property federal asset management initiative in 2004, focusing on ways to improve federal personal property asset management and its processes, data, and lifecycle management.
- (3) To accurately evaluate the overall benefit of reuse programs, data on U&D, internal screening, and transfers to special authorities must be available. An option to accomplish this is for all agencies to use agency-customized modules of the Agency Asset Management System (AAMS)⁴. GSA would then have complete visibility and documentation of all reuse being accomplished within the federal government, including intra-agency transfers

⁴ The assumption of FSS is that any funds an agency is currently using to support internal screening systems would in turn be reallocated to FSS to run this AAMS system. The proposed system would be highly customizable based on each individual agency's needs and specifications. All data ownership would remain with the participating agency, and any reports necessary would be provided to the agency participant on request. FSS is willing to provide testimonials of current participants at their discretion as to the efficiency and effectiveness of such a system. FSS reports that the necessary capacity and abilities are available, or could be made available as additional agencies begin participating.

and special authorities⁵. Another option would be instituting a reuse reporting requirement⁶.

- (4) OMB should compel agencies to examine their current asset management practices and systems to determine their effectiveness, and if necessary, the amount of process and systems re-engineering required to facilitate the newly developed OGP and FSS standard description codes and information standards.

1.3 Next Steps

It is important that actions be taken quickly to leverage the support that exists currently in government and among stakeholders for this important initiative. We recommend the following actions be taken in the next three months to move forward.

1. **FSS, OGP, and OMB:** review, revise and approve study findings.
2. **FSS:** determine action and implementation plans. Coordinate with stakeholders as appropriate for development of assigned incremental enhancements.
3. **OGP:** organize meetings with FSS and other U&D stakeholders to identify standard product descriptions and data elements that must be provided by agencies when reporting excess to GSAXcess™. Develop detailed implementation plan, including financial requirements.
4. **OGP:** take ownership of broader asset management initiative. Form and lead an inter-agency steering committee to identify issues around asset management and other breakthrough recommendations offered. Formulate project plan and budget approval process. Obtain funds for efforts supporting this initiative.

⁵ Use of the AAMS platform allows the sharing of data between this system and the FEDS and ADMS systems. This would provide visibility to both FSS and OGP of asset disposition trends throughout the government. As stated, all agencies will retain control over their data and will be provided with any reports necessary on request.

⁶There is currently a poor rate of response on other property management reporting requirements.

2.0 Objectives and Methodology

The ultimate aim of the U&D study is to offer recommendations on enhancements to the U&D program that would maximize the value of Federal personal property, by (1) increasing the rate at which federal agencies re-utilize assets no longer needed by the acquiring agency and thereby avoiding procurement costs, (2) optimizing the benefits arising out of the donation program that provides non-federal government agencies and non-profit organizations with assets that they otherwise might not be able to afford, or (3) increasing the efficiency of the asset disposal process.

This report presents the U&D Team's findings, analysis, and recommendations for incremental improvements to the U&D program and more wide-ranging enhancements to federal government personal property asset management. These recommendations and enhancements came out of the U&D Team's analysis of the U&D Program.

The research and analysis consisted of the following stages:

- **Review of U&D Program “As-is” Process**, consisting of meetings, interviews, and documentation reviews with U&D stakeholders, including selected federal agencies, GSA associates, State Agencies for Surplus Property, and others.
- **Identification of Public and Private Sector Asset Utilization Practices**, based on research and interviews with key government (foreign and domestic) and private sector organizations.
- **Analysis of Incremental Enhancements**, consisting of a review of each enhancement with certain stakeholders to assess the feasibility of each idea and its potential to positively affect the U&D Program. A number of incremental enhancement ideas were eliminated at this stage.
- **Prioritization of Incremental Enhancements to the U&D Program**, consisting of an intensive review of each idea along the following four criteria: (1) Support of U&D objectives; (2) Financial Viability, i.e., cost to implement and/or cost savings provided; (3) Program Impact; and (4) Ease of Implementation.

The U&D Team developed a scoring methodology, resulting in an Economic Score and a Social Score for each enhancement idea. Figure 2 illustrates the methodology used. Each idea was scored on a one-to-ten scale for each criterion, based on its economic impact and on its social impact. Then, the U&D Team weighted each criteria based on its importance, with Ease of Execution and Financial Viability having the highest weights. These four analysis criteria were then scored and weighted, and the incremental enhancements were prioritized based on these scores.

Figure 2: Methodology to Review and Prioritize Enhancements

	Supports U&D Underlying Objectives	Financial Viability	Program Impact	Ease of Execution
Criteria	<ul style="list-style-type: none"> ◆ Supports the original objectives and intent of U&D. ◆ Builds internal and external capabilities to support U&D. 	<ul style="list-style-type: none"> ◆ Cost of investment (hardware/ software, people,) ◆ Extent of revenue increase or cost reduction created in U&D program. ◆ Confidence in financial projections 	<ul style="list-style-type: none"> ◆ Grows user base ◆ Improves service or customer interactions ◆ Builds and/or enhances reputation of U&D 	<ul style="list-style-type: none"> ◆ IT infrastructure required ◆ Change management or business process change complexity ◆ Likelihood of acceptance by stakeholders
Scoring scale	10 = Closely supports U&D objectives 1 = Does not support U&D objectives	10 = Large revenue potential or cost reduction 1 = Unprofitable, or minimal savings	10 = Highly positive impact 1 = Highly negative or no impact	10 = Easy to implement 1 = Difficult to implement
Weighting	15 percent	30 percent	20 percent	35 percent
Totals	Social Score: Economic Score:	Social Score: Economic Score:	Social Score: Economic Score:	Social Score: Economic Score:

In order to systematically and objectively evaluate and prioritize the portfolio of incremental enhancements, the U&D Team focused on a phased implementation strategy for the prioritized recommendations. The U&D Team suggests that certain recommendations should be addressed immediately. These “Immediate Recommendations” are relatively easy to implement, offer benefits that are recognized and have already been vetted by stakeholders, and in some cases are already underway. Other “Medium-term Recommendations” are more complex to implement, but offer a high or immediate program impact. Lastly, “Long-term Recommendations” are among the most complex to implement and provide lower or long-term impact. The breakthrough enhancements for improved asset management were analyzed using the same methodology.

The U&D Team collaborated with stakeholders at each stage of this process. The Team identified affected stakeholders and sought and incorporated their input in developing our methodology. Further, the Team worked with stakeholders to eliminate infeasible recommendations, and to confirm the impacts and affected parties of the enhancements. Also, the stakeholders reviewed and confirmed the weightings and priorities of the enhancements. This collaborative interaction should be replicated during the implementation of the chosen enhancements.

3.0 Recommendations and Analysis

3.1 Analysis of Current Programs

The U&D program was created to provide economic and social benefits to government and society, and neither benefit is being maximized. An analysis of statistics gathered suggests there is significant room for improvement in U&D performance. Of the assets reported as excess, only 9 percent were utilized (transferred to another agency) and only 5 percent were donated through state agencies to eligible recipients. The remainder (86 percent) were available for sale (Table 4). A complete analysis of data gathered from Federal Supply Service on U&D is included in Section 2 of the Appendix.

An analysis of study findings suggests that this relatively weak U&D performance is due to a combination of organizational and resource limitations, political influences, and incomplete asset management.

Table 4: U&D Performance Statistics, FY 2001 – 2003

Disposal Options	% Assets Going Through Various Disposal Options (Avg)	Avg of 2001-2003	2001	2002	2003	Total
Reported	100%	\$8,799,455,531	\$10,177,731,748	\$8,877,393,027	\$7,343,241,818	\$26,398,366,593
Utilization	9%	\$787,205,918	\$981,851,323	\$512,544,969	\$433,610,731	\$1,928,007,023
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Final Disposition	86%	\$7,560,967,637	\$8,623,150,195	\$7,938,001,589	\$6,555,361,859	\$23,116,513,643

Source: FEDS.

Organizational and Resource Limitations – Data, Human Resource, and Incentive Limitations

There is a lack of reliable and consistent data for policy makers to make informed U&D and other disposal decisions: The two primary sources of data on disposition – Asset Disposition Management System (ADMS) and GSAXcess™/FEDS – vary considerably due to the way each system collects data, based on their original system design, and because of their overall purpose⁷. There is also limited information available on the volume of assets used via special authorities, which exit the asset management lifecycle prior to U&D. This lack of transparency makes a thorough analysis of U&D problematic.

U&D is not a mission critical activity for most federal agencies: Pressures from Congress for cost-effective Government and recent budget cuts are forcing agencies to cut resources for programs outside their core missions, which often include U&D. Most staff supporting U&D within federal agencies are not full time property managers, and

⁷GSAXcess™/FEDS is a real time operational system. ADMS is a management information system intended to provide data for policy making.

oftentimes have additional responsibilities that are closer in line with the agency's core mission.

Insufficient incentives exist for U&D stakeholders to actively participate in the program: There are insufficient performance measures within agencies to incentivize U&D performance. It is also sometimes cheaper for agencies to abandon assets outright or leave them unattended in warehouses than to prepare them for U&D, and this can serve as a disincentive as well.

Political Influences – Fewer Assets Left for U&D; Decentralized Decision Making

Congressional authority over the disposition of federal property has caused U&D to become constituent-driven rather than needs based. Over 225 years ago, the framers of the U.S. Constitution determined that the authority to impact personal property should rest in the U.S. Congress. The result has been that constituents and special interest groups can influence personal property disposal through Congress, and this has led to the creation of a growing number of “special authorities” that allow property to bypass U&D and be channeled directly to particular groups. It is important to note that most participants under these authorities were already eligible recipients in the U&D program. The ability of special interests to influence U&D through Congress has made the U&D program more fragmented, and more constituent driven rather than needs based⁸. The increasing number of special authorities also:

- ***Creates excessive fragmentation in the disposal process:*** The number of new and different special authorities is fragmenting the disposal process. Moreover, they are not tracked and managed within agencies and across government and this has led to the duplication of authorities across agencies. The perceived lack of transparency around these authorities, and the duplication and inefficiency with which they are managed brings into question the extent to which they are optimizing benefits to the nation.
- ***Limits the impact of U&D:*** As these “special authorities” have increased, the remaining pool of assets that normally would have entered the U&D cycle has been reduced. It is not clear if these special authorities are achieving their original intent of creating economic or social benefit of equal or greater value to U&D. The lack of data around these authorities makes such an analysis problematic.
- ***Decentralized oversight, special authorities, and poor data reporting all contribute to making it difficult to maximize the social and economic benefits of the program:*** Actions that help one program typically hurt the other so there is a trade off for every reform that must be rigorously analyzed using reliable data. Standardized asset data that tracks personal property across its lifecycle would allow agencies and policy makers to make informed decisions regarding special authorizations, U&D, sales, and A&D. These decisions have ramifications for all parties impacted by U&D. More robust data would allow for more thorough analysis of disposition alternatives so that the benefits of U&D can be evaluated and, if appropriate, policy makers (OGP and OMB) could propose legislative reforms necessary to optimize these benefits.

⁸ GSA is required to allocate property on a “fair and equitable” basis per 40 USC Sec. 549(c)(2).

The decentralized structure of U&D also allows some trends to go unnoticed or at least unacknowledged by policymakers. For example, study results suggest that the utilization program is moving away from its economic objective of creating procurement avoidance within the Federal government, and instead providing significant benefits to parties outside the federal government, similar to the donation program. The top recipient of utilization program between 2001 and 2003 was the U.S. Department of Agriculture (USDA), which during those years received almost 20 percent of assets going through utilization (Table 5). Over 95 percent of the assets they receive are loaned under a Cooperative Agreement to third party organizations outside the Federal government, such as State Forestry, and rural fire departments across the country. USDA does not use the assets for internal-agency procurement avoidance. However, the assets are loaned with the understanding they will be returned to suppress wildfire on all lands in the local community, which may preclude the need for other Federal or state assets or involvement. Since title does not pass with this equipment, it also becomes an asset that USDA can move around to meet the needs of all parties involved. The U.S. Agency for International Development and National Science Foundation are other top asset recipients during those years that lend a significant portion of assets received to third parties.

Table 5: Top Federal Asset Recipients in FY 2001-2003⁹			
	Department Level	Avg \$ Value	% Total
1	US Dept. of Agriculture	\$122,382,642	19%
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	Average: Top 10 '01-'03	\$531,448,226	
	Top 10 Percent of Total:	83%	
	Average: Total '01-'03	\$642,669,008	

Source: FEDS.

The Department of Justice, specifically Federal Prison Industry (FPI), was another top Federal asset recipient between FY2001 and 2003 not contributing to internal procurement avoidance, having obtained nearly \$48 million in original acquisition cost

⁹ This list captures all departments listed as a top ten recipient between 2001 and 2003. There were fourteen agencies that reached that level during those years.

property in fiscal year 2001. FPI used to acquire assets (e.g. computers) through the utilization program, refurbish them, and sell them to external parties.¹⁰

Thus, a significant portion of assets going through utilization today provides benefits to groups outside the federal government, and do not create procurement avoidance within the federal community. Anecdotal information suggests that a significant level of intra-agency asset reutilization occurs, resulting in procurement avoidance. However, this process occurs prior to an asset being declared to GSA as excess. Therefore, this data is not reported in GSAXcess™/FEDS. An extensive data call and/or data normalization across agencies would be necessary to measure the extent of intra-agency transfers that result in procurement avoidance.

Asset Management – Incomplete and Inconsistent Data Tracking

Inefficient asset management practices within participating government agencies hinder U&D. Federal agencies disposing of personal property do not capture and track asset information effectively. This makes it difficult to make informed decisions about asset use and disposal, and to accurately assess the trade-offs involved in these decisions. They use inconsistent (and often inefficient) asset management systems, and staff are not fully aware of asset management best practices. Most importantly, asset descriptions, although captured at acquisition, are not updated and tracked throughout the asset lifecycle. As a result, when assets go to disposal, asset descriptions and key asset information such as size, condition, and maintenance records are often missing and not entered into GSAXcess™, the system created by GSA to manage U&D. Combined, these factors create data inefficiencies for those assets that go into the program.

Changes in asset management policy, practice and systems across government to include more comprehensive asset tracking and consistent data standards throughout the entire life cycle could drive significant improvements in the U&D program. The government must address issues of asset management in order to achieve a real, sustainable improvement to U&D.

Although the FAS U&D team considers asset management reforms as necessary for significant and sustainable improvement to U&D, the study first presents incremental enhancements due to the immediate opportunities for improvement that exist, and then reviews the breakthrough asset management recommendations.

3.2 Incremental Enhancement Recommendations

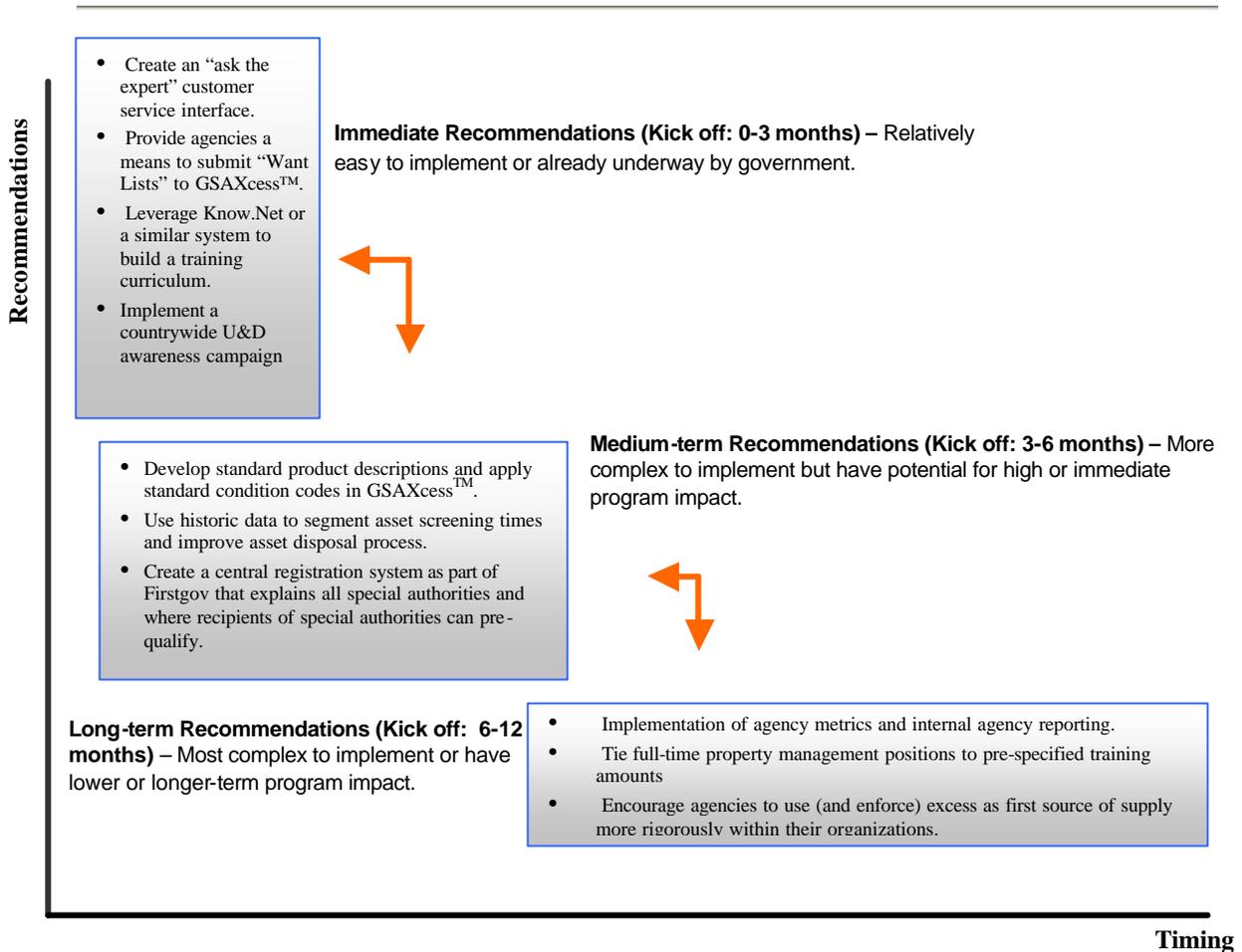
In interviews conducted between July and October 2003, stakeholders identified a portfolio of possible enhancement options to enhance U&D. The team worked with stakeholders in October and November to analyze these enhancements in greater detail in order to:

¹⁰ This former FPI policy instruction has been corrected. Since the issuance of a 12-07-00 memorandum by FPI's Chief Operating Officer, FPI has not obtained assets (e.g. computers or other property) through the utilization program for resale. It now obtains used equipment via an authority called Donation, in lieu of abandonment and destruction. FPI has established Memoranda of Understanding with the Department of Defense and a number of Federal entities in an effort to obtain former excess and surplus property that has little residual value. This "donation" property in lieu of abandonment is typically comprised of scrap material, metal racking, monitors, CPUs, miscellaneous electronic, broken fax machines, broken telephones, and old metal shelving.

- Identify which ideas were worthy of further analysis,
- Determine the potential impacts of each idea based on objective criteria (e.g. cost, impact, complexity, likelihood of acceptance by stakeholders)
- Prioritize the recommendations according to a defined methodology, and
- Identify potential roadblocks for implementation.

An outline of the time-phased approach resulting from this analysis is illustrated in Figure 3. Each recommendation is then described, along with key action steps required for its successful implementation.

Figure 3: Time-Phased Approach to Implementation



PHASE 1: Immediate Recommendations (Kick Off: 0-3 months) – Relatively easy to implement or already underway by government.

1. Create an “ask the expert” customer service interface				
Solution	Benefits	Risks or Critical Success Factors	Effect on Stakeholders	Lead Agency (Support Agency)
Create an “ask the expert” customer service interface	<ul style="list-style-type: none"> Centralized source of answers regarding process and procedure 	<ul style="list-style-type: none"> Who would staff program, and how many would be required? Who would manage and support media and awareness building? 	Supporters: FED (D) FED (A) SASP Indifferent: SPEC Opposed:	FSS

FED (D) – Disposing Federal Agencies

SASP – State Agencies for Surplus Property & Donees

FED (A) – Acquiring Federal Agencies & Beneficiaries of Utilization

SPEC – Beneficiaries of Special Authorities

Federal and State Agencies have requested the ability to contact FSS personnel to assist in answering questions related to asset disposition. To this end, we recommend the creation of a well-monitored e-mail question portal with knowledgeable FSS staff to answer questions about property management regulations and processes in an accurate and timely manner. This service would help to prevent the spread of incorrect information about property management, and provide a contact for those with questions or concerns. This interface would be linked on the homepage of GSAXcess™ to a general mailbox available to select FSS staff. These staff members would then respond or acknowledge receipt of questions no later than the next business day. Policy questions will be re-directed to OGP.

Implementation Steps:

- Create e-mail address and give access to those parties within FSS responsible for checking/maintaining it.
- Create link to GSAXcess™ homepage.

2. Provide a means for agencies to submit “Want Lists” to GSAXcess™				
Solution	Benefits	Risks or Critical Success Factors	Effect on Stakeholders	Lead Agency (Support Agency)
Provide a means for agencies to submit “Want Lists” to GSAXcess™	<ul style="list-style-type: none"> Links supply and demand Speeds cycle time Increases U&D participation through ease of use 	<ul style="list-style-type: none"> Costly and difficult to implement For optimum results, must have the same product description and application of condition codes throughout in order to be optimized 	Supporters: FED (D) FED (A) SASP Indifferent: SPEC Opposed:	FSS

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Federal agencies and other property recipients have requested the ability to be notified when assets on a pre-determined “want list” are available in the utilization and donation stages. The notification would take place electronically. Agencies would ideally create their want lists from a standardized list of asset descriptions, with uniform condition codes. This idea would be substantially improved (through better asset descriptions) by the government-wide standardization of descriptions and application of condition codes described in more detail below. FSS has initiated development of a “Want List” submission and notification process in GSAXcess™.

Implementation Steps:

- FSS develops modification to GSAXcess™ for want list submission and notification of available assets (underway).
- Coordinate with stakeholders and U&D customers.

3. Leverage Know.Net or a similar system to build a training curriculum				
Solution	Benefits	Risks or Critical Success Factors	Effect on Stakeholders	Lead Agency (Support Agency)
Leverage Know.Net or a similar system to build a training curriculum	<ul style="list-style-type: none"> • Offers standardized and consistent training • Increase knowledge base • Increase U&D compliance through better understanding of procedures 	<ul style="list-style-type: none"> • Runs the risk of either being too general or specific. • Will need to either tailor for each agency or for very specific tasks and positions. 	Supporters: FED (D) FED (A) SASP SPEC Indifferent: Opposed:	OPM (OGP/FSS)

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 SPEC – Beneficiaries of Special Authorities

Leverage an existing training interface such as HHS’s Know.net and others, to take advantage of cost savings and existing knowledge base. Flexible modules would be tailored to full and part-time property management staff, commensurate with the knowledge and skills, necessary for individual’s positions.

Implementation Steps:

- OGP and FSS with stakeholder input compile a listing of available related training.
- Agencies should identify options for training opportunities.
- Agencies should encourage employee participation in training.
- Agencies continue to require training as resources change.

4. Implement a countrywide U&D awareness campaign				
Solution	Benefits	Risks or Critical Success Factors	Effect on Stakeholders	Lead Agency (Support Agency)
Implement a countrywide U&D awareness campaign	<ul style="list-style-type: none"> • Could promote knowledge of benefits of U&D • Could be tailored to impact novices as well as experts 	<ul style="list-style-type: none"> • Which agency would have ownership over this initiative? • Which agency would fund the initiative? 	Supporters: FED (D) FED (A) SASP SPEC Indifferent: Opposed:	FSS

FED (D) – Disposing Federal Agencies
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 SPEC – Beneficiaries of Special Authorities

Many stakeholders have stated that awareness of the U&D program and knowledge of the processes and regulations are lacking outside of a small community of individuals. We recommend GSA launch an awareness building campaign to promote users' understanding of programs available and to encourage participation in the U&D program. This awareness campaign would consist of informational material to property personnel, including success stories and contact information for those seeking to have questions answered. The information would also be posted on websites and communicated in monthly memos to key stakeholders.

Implementation Steps:

- Draft U&D promotional materials
- FSS regional offices continue current initiative for customer outreach and provide promotional briefings to local federal agencies. Continue across media with information, FAQs, and success stories.

PHASE II: Medium-term Recommendations (Kick Off: 3-6 months) – More complex to implement but have high or immediate program impact.

5. Develop Standard Product Descriptions and Apply Standard Condition Codes in GSAXcess™				
Solution	Benefits	Risks or Critical Success Factors	Effect on Stakeholders	Lead Agency (Support Agency)
Develop Standard Product Descriptions and Apply the Standard Condition Codes in GSAXcess™	<ul style="list-style-type: none"> • Will increase transparency of data • Increases ease of communication across agencies & life cycle stages • Increases accuracy of reporting 	<ul style="list-style-type: none"> • Difficult to change behaviors • Difficult to get agencies to agree on a format • Lack of knowledge to properly ID. • Large number of possible item description to effectively navigate and select. 	Supporters: FED (D) FED (A) SASP Indifferent: SPEC Opposed:	OGP (FSS)

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 SPEC – Beneficiaries of Special Authorities

The only current government-wide standard for property descriptions is the Federal Cataloging System. As the use of commercial products expanded, there has been less adherence to the Federal Cataloging System for recording item names in local inventory systems. Also, while standardized condition codes are in place, their use and application are inconsistent. Standardized product descriptions and the uniform application of condition codes will benefit each stage in the asset lifecycle by streamlining procedures, increasing the rates of utilization and donation, improving communication across agencies and lifecycle stages, providing transparency for the various asset disposition stages, and improving the information by which asset purchasers make their bidding decisions. Given the myriad of assets owned by government agencies, the standardization of the descriptions and condition codes will be challenging and will require resources across many federal agencies.

Implementation Steps:

- Form a task force consisting of staff from FSS, OGP, SASPs, and agency property managers to determine asset description format, level of description specificity, and desired data elements. Prioritize categories of property where standardization could provide the greatest immediate benefit.
- Consider impact of JFMIP revised Property Management System Requirements.
- Make modifications to GSAXcess™ if required.

6. Use historical data to segment asset-screening times and improve the asset disposal process				
Solution	Benefits	Risks or Critical Success Factors	Effect on Stakeholders*	Lead Agency (Support Agency)
<i>Use historical data to segment asset-screening times and improve the asset disposal process</i>	<ul style="list-style-type: none"> • Reduced costs for disposition of undesired assets • Responsive to wishes of disposal community • Shortened time-frame for disposal 	<ul style="list-style-type: none"> • Availability, consistency, and accuracy of data is questionable. • Some FSCs are very broad so may be difficult to capture specifics of particular assets 	Supporters: FED (D) FED (A) SASP Indifferent: SPEC Opposed:	FSS

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SPEC – Beneficiaries of Special Authorities

History of U&D transfers is not used to influence the current disposal process. Asset transfer data is either inconsistent, and where reliable data does exist, it is not shared and used effectively. Such data could be used by GSA to customize screening time frames in GSAXcess™ to identify how often certain asset types are requested for U&D. For example, if particular FSCs are found to have little reuse history, GSA can reduce screening saving agencies time and money.

Implementation Steps:

- Hold meeting with key U&D stakeholders (the Interagency Committee on Property Management (ICPM), top users, or other) to identify which FSCs should be considered for reduced screening. FSS may also use this opportunity to identify a means of tracking agencies that do not act upon allocations of requested property.
- Propose modification to GSAXcess™ to collect data to identify agencies failing to complete the transfer. This may involve the requirement for agencies to report removal data to GSAXcess™. This information can be tracked along with other historic data, and acted upon if needed.¹¹
- Modify GSAXcess™ to provide commodity customized new screening times. FSS monitor data regularly, and track impact on U & D results and disposal cycle time.
- Work with stakeholders to assess findings and determine if any further changes in screening times, policy or procedures are required.

7. Create a central registration system as part of Firstgov that explains all special authorities and where recipients of special authorities can pre-qualify				
Solution	Benefits	Risks or Critical Success Factors	Effect on Stakeholders*	Lead Agency (Support Agency)
Create a central registration system as part of Firstgov that explains all Special Authorities and where recipients can pre-qualify	<ul style="list-style-type: none"> • Provides transparency to programs and reduces redundancy across agencies • Reduces administrative costs across the Federal Government • Easier to identify appropriate recipients 	<ul style="list-style-type: none"> • May be difficult to get an agency (OGP or other) to take ownership and management responsibility over the system • Lack of funding to create and manage the system • Database could be extremely large and difficult to manage and update • Possible Privacy Act concerns • May increase and promote use of special authorities, which is undesirable from a U&D perspective 	Supporters: SPEC FED (D) FED (A) SASP Indifferent: Opposed:	OGP

FED (D) – Disposing Federal Agencies

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The number of special authorities has grown steadily over the years, and this growth has resulted in confusion around these programs within the federal community and the general public. Federal agencies have also become increasingly burdened with the task of validating which organizations are qualified to receive assets under these authorities.

¹¹ See Section 5 in Appendix for a more detailed description of assets not picked up by intended recipients.

Many agencies have not developed lists of qualified recipients, and this information is typically not shared among federal agencies. This incremental enhancement addresses these issues by adding to *Firstgov* a section that explains each special authority and its specific qualification criteria, as well as provides a compiled list of qualified organizations under each authority. External organizations would also be given the ability to complete applications on this site and request to be added to the list of those qualified, if appropriate. Publishing this type of information on *Firstgov*, and allowing external organizations to apply for qualification through a single source, would add considerable transparency to the current process and save federal agencies time and money performing due diligence. We recommend that OGP lead and manage this initiative with OMB support.¹² This initiative itself does not improve the U&D process and may actually further hinder it. Ultimately, steps must be taken to grasp the magnitude of special authority transfers and incorporate them into the overall benefit resulting from the reuse of federal property¹³.

Implementation Steps:

- Compile list of special authorities and corresponding qualification criteria. OGP meet with stakeholders individually or in groups to gather information required.
- Lead implementation of this information and application interface on FirstGov.
- OGP investigate if the Administrator's authority over property management would enable GSA to collect new data on special authority transfers.
- Manage back office portal operations (data collecting, updating, etc), and hold regular meetings with stakeholders to share initiative progress reports and gather new data as needed.

PHASE III: Long-term Recommendations (Kick Off: 6-12 months) – Most complex to implement or have lower or longer-term program impact.

8. Implementation of agency metrics and internal agency reporting				
Solution	Benefits	Risks or Critical Success Factors	Effect on Stakeholders	Lead Agency (Support Agency)
Implementation of agency metrics and internal agency reporting	<ul style="list-style-type: none"> • Better data would be available • Data could be used for better planning among agencies 	<ul style="list-style-type: none"> • Difficult to collect accurate/meaningful data 	Supporters: SASP Indifferent: SPEC Opposed: FED (D) FED (A)	Agency Specific

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¹² During FAS discussions with Federal and State stakeholders, it became apparent that an opportunity exists for further clarification on personal property provisions that are exercised by the Stevenson-Wydler Technology Innovation Act of 1980 (15 USC 3701 *et. seq.*) as it relates to the U&D process. The Office of Management and Budget and the GSA Office of Governmentwide Policy should consider working with the Department of Commerce in promulgating regulations and/or instructions clarifying Executive Branch policy on the personal property provisions of the Stevenson-Wydler Technology Innovation Act of 1980.

¹³ OMB's participation may be required to conduct the data call.

Metrics would serve as a management tool to grade and reward staff according to established internal agency U&D performance goals and would provide additional incentive for staff to use the U&D system for first source of supply.

Implementation Steps:

- Convene a group of stakeholders to create metrics to measure agencies' asset management and disposal performance.
- Create goals for individual agency improvement, after gathering baseline data.
- Create a recognition or reward system for agencies that meet their goals.

9. Tie full-time property management positions to pre-specified training				
Solution	Benefits	Risks or Critical Success Factors	Effect on Stakeholders	Lead Agency (Support Agency)
<i>Tie full-time property management positions to pre-specified training amounts</i>	<ul style="list-style-type: none"> • Knowledge will be in line with level of responsibility • Ensures that full-time property management positions have certain levels of training and accountability 	<ul style="list-style-type: none"> • Which government agency should be charged with determining the appropriate level of training? • Resistance to change • Possible labor objections 	Supporters: SASP Indifferent: SPEC Opposed: FED (D) FED (A)	OPM

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This program includes developing a detailed list of certification requirements commensurate with a position and the associated property management responsibility. These requirements would then have to be met to be a core competency for this position or responsibility. These requirements would be available through the on-line training curriculum being developed and would not be meant to hinder individual advancement, but ensure that responsible, knowledgeable personnel would be handle asset disposition.

Implementation Steps:

- Form a working group of property management personnel to determine what skills are required for the various positions.
- Develop a review process to ensure the validity of the requirements.
- Make sure that individuals currently in personal property management positions have the required amount of training.

10. Encourage agencies to use (and enforce) excess as first source of supply more rigorously within their organizations				
Solution	Benefits	Risks or Critical Success Factors	Effect on Stakeholders*	Lead Agency (Support Agency)
Encourage agencies to use (and enforce) excess as first source of supply more rigorously within their organizations	<ul style="list-style-type: none"> Increase procurement avoidance among federal agencies 	<ul style="list-style-type: none"> May prevent donation through utilization and instead shift utilization toward procurement avoidance May reduce quantity of assets that reach donation stage, and in response, donation recipients may be encouraged to create more special authorities 	Supporters: FED (D) FED (A) SASP Indifferent: Opposed: SPEC	OGP

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The Property Act of 1949 states that federal agencies should attempt to reuse existing federal assets (e.g. excess) before procuring new assets in order to minimize procurement costs for the federal government. Unfortunately, agencies and others in the government lack sufficient authority to enforce this regulation, so the process of checking “excess as first source of supply” is oftentimes overlooked within agency’s procurement process. A possible way to encourage adherence is for OGP to increase the pressure on agency staff to follow existing guidelines in this area through issuing letters and directives to agency CFOs.

Implementation Steps:

- Meet with staff supporting the Integrated Acquisition Environment Initiative under the President’s Management Agenda to ensure that future guidelines surrounding excess are in line with OFPP/GSA needs, and agree upon action steps for more rigorous, government-wide enforcement of these guidelines.
- Issue joint memorandum with White House Associate Administrator for Electronic Government stating importance of excess as first source of supply and threatening budget cuts for those agencies found not to be following established guidelines.
- Issue directive to agency-level CFOs requesting that they pressure agency staff to follow excess guidelines. Create incentives through the creation of internal performance metrics, required searched on GSAXcess™, or other means as otherwise appropriate within specific agencies.

3.3 Breakthrough Enhancement Recommendations

Although many of the incremental enhancements to the U&D Program discussed above will positively impact the current state of the program, the FAS U&D Team asserts that a breakthrough opportunity exists to address inefficiencies surrounding asset management practices within government. Ineffective agency asset management practices limit the

amount of assets that enter into U&D, negatively impact the U&D stakeholders, and limit the effectiveness of the original program mandates. Although captured at acquisition, asset descriptions and other important information are not updated and tracked throughout the asset lifecycle. The result is assets are disposed of without key information such as: size, model number, accurate condition, and maintenance records. Because of this, when the item is entered into GSAXcess™¹⁴, this descriptive information from each of the previous phases is missing as it did not follow the asset through the “use” stage.

The General Accounting Office (GAO) has described the challenge faced with effective asset management by today’s managers of Federal Government Property: *“GAO and other auditors have repeatedly found that the federal government lacks complete and reliable information for reported inventory and other property and equipment, and can not determine that all assets are reported, verify the existence of inventory, or substantiate the amount of reported inventory and property. These longstanding problems with visibility and accountability are a major impediment to the federal government achieving the goals of legislation for financial reporting and accountability. Further, the lack of reliable information impairs the government’s ability to (1) know the quantity, location, condition, and value of assets it owns, (2) safeguard its assets from physical deterioration, theft, loss, or mismanagement, (3) prevent unnecessary storage and maintenance costs or purchase assets already on hand, and (4) determine the full costs of government programs that use these assets. Consequently, the risk is high that the Congress, managers of federal agencies, and other decision makers are not receiving accurate information for making informed decisions about future funding, oversight of federal programs involving inventory, and operational readiness”*.¹⁵

In order to positively impact the U&D program, asset management will need to be addressed in two specific arenas: (1) Specifically mandate the use of standard asset descriptions and the application of standard condition codes. OGP and FSS will work together to develop description standards; (2) Agencies must then examine their current asset management practices and systems in order to determine their effectiveness, and if necessary, the amount of process and systems re-engineering that must be undertaken in order to implement the newly developed OGP and FSS standard description codes.

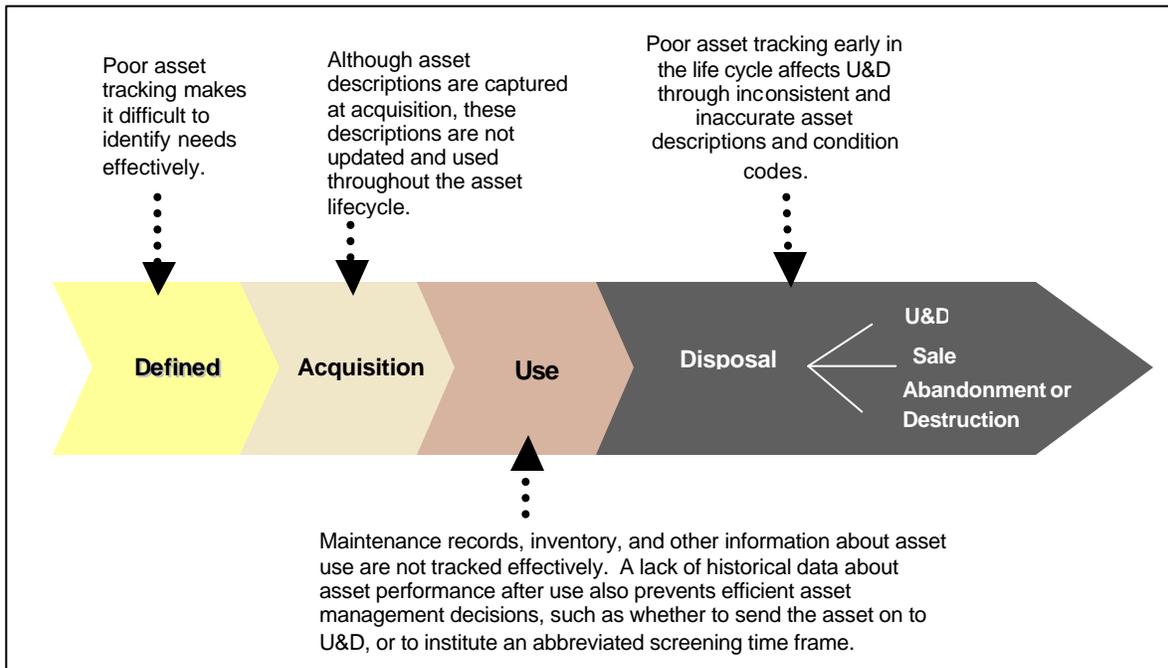
Asset Management involves the entire lifecycle of any given asset, from the initial defined need, through its use by an agency, re-utilization within the government, donation to non-federal government agencies or non-profit organizations, the sale of the asset, and/or finally its abandonment and destruction. It has become clear through this study of the U&D program that in order to positively impact the later stages of the asset management lifecycle, a cradle-to-grave approach to managing assets within the government must be implemented. In addition to providing a better understanding of an asset’s movement through the asset management lifecycle, comprehensive asset management will allow agencies to more efficiently track the amount of their assets that are reutilized through intra-agency transfers, donated to special authorities, as well as the amount of utilized assets that are loaned to non-federal agencies. This information, in particular is often unavailable or inaccurate, and is a direct result of poor data transfer

¹⁴ GSAXcess™ is the operational system created by GSA to manage U&D.

¹⁵ GAO-02-447G, Executive guide, Best Practices in Achieving Consistent, Accurate Physical Counts of Inventory and Related Property, March 2002, page 6.

throughout an assets lifecycle. The following diagram depicts several of the problems associated with asset management, prior to and during the U&D phases of the Asset Management Lifecycle.

Figure 4. Current Problems Associated with Asset Management



Benefits of Comprehensive Asset Management

By implementing an asset management solution throughout the complete Asset Management Lifecycle, agencies will be able to completely track an asset from the moment a defined need is identified to the eventual sale or abandonment and destruction of the asset. Unlike a simple asset tracking system, which only accounts for the physical location of an asset, or reconciles assets within a balance sheet, a comprehensive asset management system gathers and centralizes all data necessary to manage any given asset. This begins within the acquisition stage where an asset's Original Acquisition Cost (OAC) is cataloged, through the asset's useful life, where its location, service history, amount of use, expected life, and depreciated costs are all tracked. By accurately recording and tracking this information, agencies will have the information needed to make better informed procurement and disposal decisions, and to determine whether an asset provides sufficient return on investment.

The ability to track specific and accurate information on assets will improve their flow through the asset management lifecycle¹⁶, positively influencing the effectiveness of the U&D program. By having a better understanding of what assets are available within their own agency, acquisition efforts can focus on obtaining items not already available. Because current asset data is either inconsistent or not effectively shared among U&D stakeholders, agencies are unable to take advantage of the underlying economic objective of the utilization program, the reuse of assets, resulting in savings through procurement avoidance. The beneficiaries of the donation program, state and local governments and eligible non-profit organizations, also suffer as a result of inconsistent and inaccurate asset information. Frequently, these organizations do not obtain an asset because it was not clearly described in the excess property report and potential U&D customers were unable to identify it as a required item. Consequently, items for which there is a U&D requirement are not requested and may move to sale due to a lack of proper asset information.

Specifically, changes in asset management policy, practice and systems benefits U&D by:

- Providing agencies the ability to track asset costs, usage, depreciation, maintenance records, stocking quantities, condition, and location;
- Improving the accuracy and consistency of asset data and information available to U&D stakeholders, and improving data transparency;
- Increasing the use of excess as the first source of supply through better and more complete asset information;
- Capturing complete asset descriptions and pictures (where appropriate) at the acquisition stage;
- Allowing agencies to collect utilization information on assets requiring maintenance in order to automatically allocate costs to appropriate departments;
- Integrating with existing Enterprise Resource Planning (ERP) systems being used for budgeting, human resources, and purchasing, to effectively track asset utilization and costs; and
- Automating all agency asset management processes and systems, reducing costs, and redirecting staff to agency critical missions.

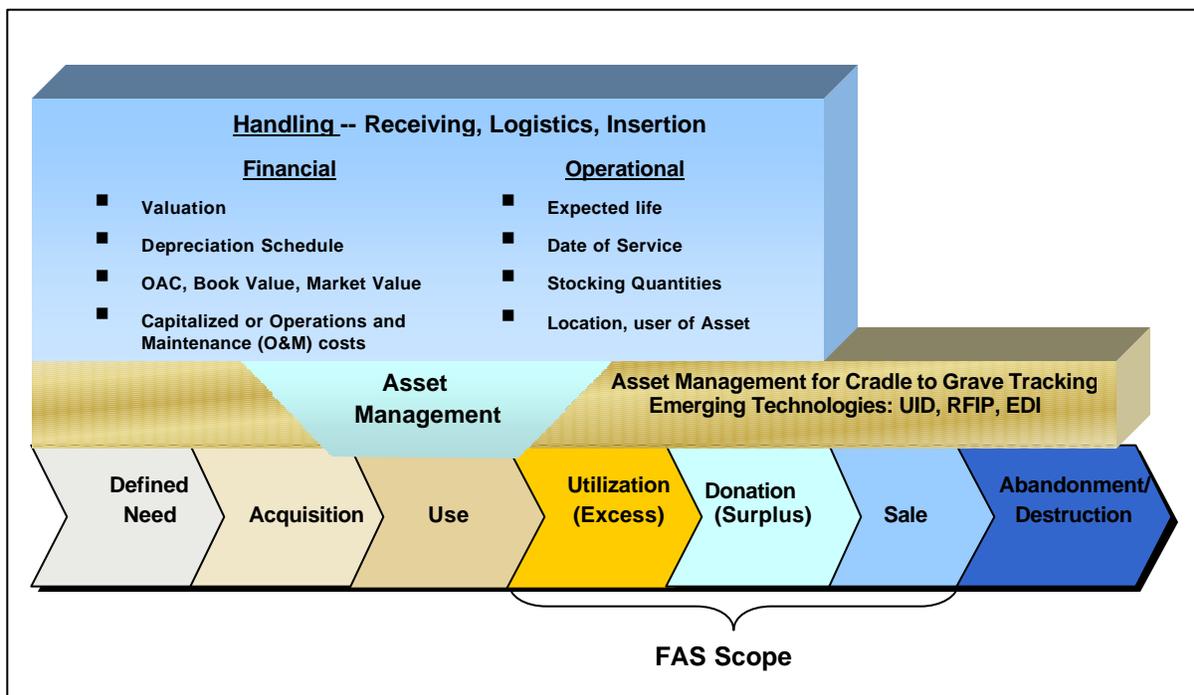
Key Elements of Asset Management Reforms

Several federal agencies are currently in the process of applying agency-wide “cradle to grave” asset management systems such as Sunflower, SAP and others. The Department of Defense (DoD) is currently in the process of implementing an asset management program, which will track its assets by Unique Identification (UID). As discussed above, the application of such systems should provide more centralized data management and synchronization, and ultimately lead to more accurately defined and tracked assets entering the U&D program.

¹⁶ The FAS U&D Team believes that an important part of the Federal Asset Management Life Cycle is the special authorities programs. These programs exist in various forms throughout agencies, but are not effectively tracked or quantified. FAS urges GSA OGP along with the Office of Management and Budget to look more closely at these programs as part of an asset life cycle reform program. By creating order and transparency to these programs, their benefit can be seen more clearly, and federal assets may be more effectively tracked.

The FAS U&D Team does not advocate “one” personal property asset management system. It is our understanding that this has been addressed on previous occasions, and funding of such a massive undertaking remains a large barrier to implementation. The challenge is to maintain some level of consistency across the agencies systems so that data can be fed easily into a central reporting system. While “one system” may not be appropriate or realistic, GSA (OGP & FSS) should make efforts that ensure that the systems chosen by each Federal agency are compatible. It is critical for a unified set of common data elements to be fed easily into a central system like GSAXcess™. The GSA, both FSS and OGP, as well as many other executive agencies, are participating in a Joint Financial Management Improvement Program (JFMIP) initiative to identify property management system requirements. By addressing asset management on an agency level, and coordinating data standardization, not only will agencies begin to see the benefits of comprehensive asset management, but downstream activities on the Asset Management Lifecycle, particularly the U&D phases, will also benefit significantly. The end goal is for the government to approach the Asset Management Lifecycle from an integrated, cradle-to-grave approach, as shown in the figure below.¹⁷

Figure 5. Integrated Asset Management



Currently, several COTS packages exist for agencies to consider when assessing their asset management needs. Agencies such as DOE, DOC, and HHS, which are currently

¹⁷ According to the JFMIP website, “The Joint Financial Management Improvement Program (JFMIP) is a joint undertaking of the U.S. Department of the Treasury, General Accounting Office (GAO), Office of Management and Budget (OMB), and Office of Personnel Management (OPM), working in cooperation with one another, with other agencies, and with the private sector to improve financial management in the government.” In order to succeed, today’s property manager must play a strong and coordinated role in improving program delivery by providing better financial and corresponding personal property information that reveals a linkage to performance goals and measures.

implementing IT asset management solutions, will only need to insure that the information captured and tracked by their asset management systems be compatible with GSAXcess™ and other related U&D systems. These systems, which leverage both Extensible Markup Language (XML) and Electronic Data Interchange (EDI) technologies to transfer and load asset information and descriptions through either a User Interface (UI), or by exporting existing data from a structured source such as an existing spreadsheet or database, will allow these agencies to establish a system of record for all asset information, and integrate seamlessly with existing enterprise systems.

DoD has chosen to explore the development of asset management systems through emerging technologies such as Unique Identification (UID) and Radio Frequency Identification (RFID). Both of these asset management solutions leverage Electronic Product Code (EPC) technology. Similar to how a URL is used on the Internet, an EPC contains 96 bits of identification data, including a 40-bit serial number. The EPC acts like an URL, a direct reference to the asset. The information on the particular asset resides on a server, and the EPC directs the user to the information, just as a user is directed to a particular web page when using a URL. The assets are outfitted with an electronic tag, or smart tag, which contains the EPC. The asset information can be accessed by entering the UID or EPC into a system, or wirelessly, by scanning the smart-tag using RFID technology.

While these solutions may not be an exact fit for all government agencies, the FAS U&D team believes that as agencies begin to develop or enhance their existing asset management systems, it will be important to incorporate portions of such emerging technologies into their methodologies.

A brief description of both UID and RFID follows:

Unique Identification (UID) – Effective January 1, 2004, UID will be a mandatory DoD requirement on all solicitations if: (1) the acquisition cost is \$5,000 or more, (2) the item is deemed to be mission essential, controlled, reparable, or a consumable item where a permanent identification is required, (3) the program manager has deemed the item an identifiable item, or (4) a UID or DoD-recognized UID equivalent is available. A UID is a set of data for tangible assets that is globally unique and unambiguous, ensures data integrity and data quality throughout life, and supports multi-faceted business applications and users.¹⁸ Once established, DoD will be able to use its IT systems to establish the UID as the key element for trace ability of an asset, including OAC, issue, storage, use, valuation, maintenance and disposal.

Radio Frequency Identification (RFID) – By outfitting UID Smart-tagged assets with an RFID chip, DoD, as well as private sector companies such as Wal-Mart, will be able to monitor assets at an even closer level than EPC technology currently allows. Being able to monitor the exact location and usage of an asset will provide DoD and Wal-Mart with the ability to effectively manage their supply chains and reduce stocks of assets. RFID technology provides timely data that will be used to enhance procurement avoidance, and its memory capabilities can store years' worth of critical asset usage and maintenance information.

¹⁸ Department of Defense Guide to Uniquely Identifying Tangible Items, Assuring Valuation, Accountability, and Control of Government Property, Version 1.2, August 26, 2003.

Asset Management Action Steps

It has become apparent through these initiatives that efforts to improve federal property management have made significant strides of late. However, these efforts exist only at a small number of federal agencies, and in some cases, are typically focused on one or two aspects of the property management spectrum, not on the entire life cycle of management from procurement planning through final asset disposal. Through the course of the U&D study, FAS has learned that in order to most effectively improve the U&D Program, agencies must better understand and implement integrated, comprehensive asset management solutions¹⁹. Agencies cannot act alone, however. In order for any improvements to asset management to directly benefit the U&D program, OGP, in coordination with FSS, must determine and standardize asset description and require the consistent application of condition codes.

At this time, the FAS U&D Team proposes:

The creation of an Asset Management Team consisting of OGP (as lead partner), FSS, and several agencies including DoD, and possibly outside contractors familiar with asset management. The goal of the Asset Management Team will be to work with agencies to identify new asset management solutions, or determine the most effective use of their current systems. These recommendations will be evaluated by strategic impact, cost, ease of execution, and integration ability with the existing U&D system, GSAXcessTM.

This will consist of several tasks:

1. OGP work with FSS to identify standard product descriptions and data elements for reporting excess, and ensure agencies data feeds can be reported into GSAXcessTM.
2. Develop or identify property management standards in conjunction with OGP, FSS, and consensus standard organizations.
3. Identify agency-unique asset management systems, and their capabilities.
4. Attempt to match JFMIP requirements, as well as the newly developed OGP asset description standards to each agency's current system.
5. Review and identify application of several emerging technologies, such as UID, RFID, EPC, and determine if any application to agency systems exists.

¹⁹ In the fall of 1995, GSA participated in the Federal Operations Review Model (FORM) effort. At the conclusion, it was determined that the U&D process is an inherently governmental function.

4.0 Next Steps

Going forward, it is important that the momentum gained through this study is not lost. Action should be taken quickly to leverage the support that exists among the personal property community. This support can be used to begin implementing positive changes and set the groundwork for further enhancement to both U&D and the entire asset management lifecycle.

After submission of this report, the first step is review and acceptance by FSS, OGP, and OMB. Once this acceptance has taken place, the momentum can be used to begin implementing the incremental enhancement, as well as beginning efforts to enact the breakthrough enhancements involving asset management.

Required Action: FSS, OGP and OMB - Review, revise and approve study findings.

The incremental enhancements are strongly interrelated, with many of them building upon each other and leveraging the improvements. Indeed, a key to understanding and improving the U&D program is to understand the way in which each portion of the U&D program and the asset life cycle react with one another. Each change that is made to the program has an effect on many other portions of the program and the life cycle as a whole. These effects must be taken into account when any change is undertaken.

The implementation plan that we have presented takes into account the extent to which each enhancement affects another, as well as the ease of implementation and the time frame necessary to do so. Some of the enhancements are “low hanging fruit” which can be used to build momentum, while others lay the groundwork for subsequent enhancements that can build upon past success.

The immediate recommendations focus on ease of implementation and increasing the knowledge base of those who work with personal property. The exception to this is the “wish list” concept, which increases the efficiency of the program and will be further augmented by the historical segmentation and standard product descriptions that are part of the medium term recommendations. In addition, the ability to capture data from special authority programs will further increase efficiency in the disposal process as well as provide data that will allow the results of these special authorizations to be understood and managed. This will increase our awareness and offer opportunities for further enhancement. The long-term enhancements support improvement in the U&D program from a long-range perspective, creating avenues for stakeholder feedback, training of personnel, tracking of metrics and data, and enforcement of regulations.

Required Action:

- **FSS - Determine action and implementation plans. Coordinate with stakeholders as appropriate for development of assigned incremental enhancements**
- **OGP - Organize meetings with FSS and other U&D stakeholders to identify standard product descriptions and data elements that must be provided by agencies when reporting excess into GSAXcess™. Develop a detailed implementation plan, including financial requirements.**

The incremental enhancements proposed take into account all aspects of the U&D process as well as the current political and regulatory environment, and work to create greater knowledge, transparency and efficiency. Paired with the breakthrough enhancements to the asset management lifecycle, there exists significant opportunity to increase the amount of taxpayer benefits derived from the U&D program. We urge FSS, OGP and OMB to take action on this matter and make these opportunities a reality.

Required action:

- **OGP - Take ownership of broader asset management initiative. Formulate project plan and budget approval process. Obtain funding for efforts supporting this initiative.**
- **OGP - Form and lead an inter-agency steering committee to identify list of key issues around asset management to be addresses by broader initiative.**

The breakthrough asset management lifecycle solution would be of the greatest benefit to the U&D program. Tracking the asset, its location, maintenance, use, and condition allows for more efficient management of Federal assets and greater knowledge of what is available, its location, and what condition it is in. Using and leveraging this asset data aids the main goal of the U&D program, the maximization of taxpayer value of procured assets, through two avenues:

- First, it aids in the procurement avoidance goal, and allows property managers to move more property more quickly, thus leveraging the procured item more effectively.
- Second, it improves significantly the deficiency in asset data coming into the U&D and disposal process currently.

Appendix

The FAS U&D Study appendix serves as the background material and working papers providing a glimpse into how the FAS U&D Team reached some of its conclusions and recommendations.

We begin the Appendix with a brief introduction of U&D. The remainder of the Appendix is organized as follows:

Section 1:	Current U&D Processes and Procedures
Section 2:	Data Analysis
Section 3:	Industry Practices
Section 4:	Stakeholder Feedback on Current U&D Processes
Section 5:	Enhancement Ideas Raised by Stakeholders
Section 6:	Study Methodology
Section 7:	Glossary of Terms
Section 8:	List of Acronyms
Section 9:	Participating Stakeholders
Section 10:	Information Technology Systems
Section 11:	US Government Standard Forms
Section 12:	Legislative History of the Personal Property Program
Section 13:	Document References

Introduction

Personal property assets owned by Federal agencies migrate through a six-phase Asset Management Lifecycle framework, including:

- *Defined Need* – an Agency identifies a need for a specific asset.
- *Acquisition* - purchase of an asset by a Federal agency.
- *Use* – deployment of an asset to perform a specific purpose by an agency until it is no longer needed.
- *Utilization* - the process of identifying, processing, reporting, and transfer of excess assets among federal agencies. Property within the utilization cycle is known as excess property. Excess comprises every kind of personal property purchased by the Government. When items are no longer needed by an agency, they are determined "excess," and are reported to GSA for possible transfer to other Federal agencies.
- *Donation* - the transfer of surplus property to non-federal governmental agencies and non-profit organizations. Federal surplus personal property donation programs enable certain non-federal organizations to obtain property that the Federal Government no longer needs. Federal surplus property that is donated is offered on an "as is, where is" basis, without warranty of any kind.
- *Sale*:
 - *Exchange/Sale* - sale of non-excess personal property assets that need to be replaced. The sales proceeds that are obtained must be used to acquire similar replacement property. Exchange/Sales assets are not required to go through the regular U&D process.

- *Federal Surplus Sale* – Personal property that has been processed through the utilization and donation stages of the Federal disposal process and is for sale to the general public.
- *Abandonment & Destruction* – the abandonment and/or destruction of assets with no utilization, donation or sales value.

There is no consistent and consolidated source of data on reuse programs, including internal transfers, special authorities, and the U&D program, which make it difficult to measure program effectiveness and levels of participation by agencies and states. However, data available from the Federal Disposal System (FEDS),²⁰ the operational system created by GSA to manage U&D, indicate that participation in U&D has decreased in recent years. This suggests that the potential exists to increase participation in the program.

Our interviews suggest that changing business practices are one source of the reduction in the number of assets declared as excess each year. For example:²¹

- The Department of Defense manages its internal screening, including transfers under DoD special authorities, before reporting its excess assets to GSA. DOD eliminated “single-cycle processing” effective April 2002, which has reduced the number of assets reported to GSA.
- Federal agencies increasingly lease property, which reduces the number of government-owned assets.
- Agencies have increased the dollar-value threshold for accountable property meaning that it is likely that un-tracked assets may not be reported excess, limiting the number of assets declared excess.
- Laws & regulations allow agencies to initiate abandonment and destruction procedures before U&D in an effort to minimize costs, and this reduces the number of assets declared excess²².
- The number of special authorities that allow property to be removed from the system prior to the excess screening cycle has increased. This has reduced the volume of excess assets.

The challenge is to identify bottlenecks and inefficiencies, outside of these changing business practices, that may limit the number of assets declared excess each year, and eventually are transferred through U&D. Federal policy makers must also find the appropriate equilibrium between the U&D phases – accounting for both the social benefits of an aggressive donation program with the cost avoidance of an efficient utilization program. Data and reporting deficiencies make such an analysis difficult to make.

²⁰ GSA upgraded FEDS in November 2003. The new system is called GSAXcess™. The remainder of the Appendix refers to the system as FEDS/GSAXcess™ since the research conducted for the Appendix was completed prior to the conversion. However, they are interchangeable.

²¹ Findings supported by ADMS and FEDS/ GSAXcess™ data (1998 – 2002) and feedback received from stakeholder interviews (see Appendix C for complete interview list).

²² Since the Summer of 2000, OMB has actively promoted abandonment and destruction provisions of the law.

The lines between Utilization and Donation recipients have also become blurred in recent years. Current data provided by FEDS indicate the top agencies using inter-agency utilization lend the majority of assets they receive through utilization to other agencies or special interests. They do not use the assets for agency procurement avoidance. For example, the top recipient of inter-agency transfers between 2001 and 2003 is USDA Forest Service which lend the majority of the assets it receives to fire departments across the United States. **The utilization program has in many ways become very similar to the donation program but without the transfer of ownership. Policy makers should be aware of these trends, and recognize that reusing assets within the federal government today is more focused on providing social benefits than supporting procurement avoidance.** The following table lists the top asset recipients among federal agencies based on dollar volumes, according to the FEDS database.

Top Federal Asset Recipients in FY 2001-2003 ²³			
	Department Level	Avg \$ Value	% Total
1	US Dept. of Agriculture	\$122,382,642	19%
2	United States Air Force	\$116,832,498	18%
3	United States Navy	\$78,644,168	12%
4	Dept. of Interior	\$62,540,091	10%
5	Dept. of State	\$55,579,990	9%
6	Dept. of Justice	\$54,081,806	8%
7	Dept. of Transportation	\$43,574,176	7%
8	Tennessee Valley Authority	\$43,030,434	7%
9	National Aeronautics and Space Admin.	\$42,296,968	7%
10	United States Army	\$29,408,815	5%
11	US Agency for International Development	\$27,022,169	4%
12	Smithsonian Institution	\$23,964,781	4%
13	National Science Foundation	\$15,881,904	2%
14	Dept. of Labor	\$10,635,307	2%
	Average: Top 10 '01-'03	\$531,448,226	
	Top 10 Percent of Total:		83%
	Average: Total '01-'03	\$642,669,008	

Key Study Findings

The FAS U&D team interviewed over 30 representatives from key stakeholder groups to obtain their feedback on current U&D processes, policy and systems, and to solicit their suggestions on possible enhancements to the U&D programs given these constraints. The key findings of these interviews include:

²³ This list captures all departments listed as a top ten recipient between 2001 and 2003. There were fourteen agencies that reached that level during those years.

- The benefits, cost savings and effectiveness of U&D are difficult to measure due to data constraints. These data challenges make it difficult to evaluate the true impact of investments designed to avoid procurement through utilization or support the social benefits of donation.
- U&D is not a mission critical activity for most federal agencies.
- Utilization is ineffective in maximizing procurement avoidance. Much of utilization is actually donation (without a transfer of title) to another agency or special interest.
- U&D provides both social benefits and cost avoidance, which are mutually exclusive, to a great extent.
- Transfers to non-federal activities during the U&D process provide significant social benefits. However, there is no process to determine if the assets are being distributed to recipients with the highest need. Special authorizations result in a constituency-driven distribution of assets, rather than a needs-based allocation that maximizes social benefit.
- Insufficient incentives exist for stakeholders to actively participate in U&D.
- Special authorities are fragmented, duplicative among agencies, and poorly managed and tracked within agencies and across government.
- Poor and inconsistent asset management practices across government hinder the full benefit of U&D. Federal and state agencies do not capture and track useful asset information; they use inefficient (and inconsistent) asset management systems, and are generally not fully aware of asset management best practices. Together these factors limit the number of assets going into U&D and hinder the efficiency with which these assets are managed throughout the asset lifecycle.
- Changes in asset management policy and systems, modifications to the property management law, and U&D policy reform are critical for U&D success.

Additionally, interviews suggest four areas of concern within the current U&D programs:

1. Laws, Regulation and Business Practices, for example:

- ***GSA and agency staffs lack authority to enforce U&D policy and procedures.*** As a result, program users (particularly those in agency field offices) can bypass established U&D policy and procedures. This limits program impacts and makes it more difficult to measure program performance.
- ***The programs are fragmented.*** The laws and regulations governing property management and U&D have become increasingly fragmented over the years, and this limits the impact of U&D. Since the Property Act of 1949 was enacted, over fifty public laws and executive orders have affected federal surplus and excess property, and most have been driven by special interest groups. Because many of these transactions are “off the books,” they are perceived as being non-transparent and confusing to many stakeholders. These types of special authorities also represent “leaks” to the U&D programs – every asset that goes towards a special program is an asset that does not migrate through U&D. While many Special Authorities are beneficial and serve the public policy needs for which they are intended, there may be room for streamlining these programs to better meet the policy objectives and making them transparent for review.
- ***Asset descriptions are poor.*** This makes it difficult for acquiring agencies and donation recipients to assess the condition of assets before acquiring

them, and forces many to spend time and money on transportation to inspect goods prior to acquisition rather than viewing items online²⁴.

2. Incentives and Change Management, for example:

- ***There is a perceived lack of incentives by agencies to participate in U&D.*** Agencies supplying assets into U&D do not receive proceeds from the use or donation of their asset(s), and this serves as a disincentive for many to participate in the programs, according to agency interviews. While current regulations allow agencies to retain proceeds from sales to cover costs incurred preparing and storing assets for sale, the costs agencies incur preparing assets for U&D are not reimbursed outside of shipping/transport costs, and this serves as a disincentive for agencies. The fact that law mandates U&D is not always enough to overcome these disincentives, given GSA's lack of enforcement authority. Incentives to participate in U&D should be created moving forward. This could be addressed through the use of more aggressive management tools and performance metrics within agencies and across government to promote U&D performance.
- ***Stakeholders perceive U&D as a "zero-sum" game and this prevents the creation of shared enhancements.*** A perceived competition exists among various U&D stakeholders - i.e. among agencies (suppliers vs. acquirers) and between agencies and states - and stakeholders' competing interests make it difficult to agree on potential enhancements. The analysis of any program enhancements must be vetted among all stakeholders to understand the stakeholders' perspective, and avoid unintended and detrimental consequences.

3. Knowledge and Awareness, for example:

- ***Agency field staff lacks sufficient knowledge of U&D procedure and policy.*** Overall, asset disposition is not a high priority, mission-critical activity for agencies. Most agency staff managing U&D in the field are part-time property managers who have other responsibilities, most of which are higher-priority than U&D. This limits the time they have to familiarize themselves with U&D policy/procedure. More training opportunities may be beneficial, in conjunction with stronger agency-level performance metrics to promote proper procedure.

4. Information Systems, for example:

- ***There are multiple (and inconsistent) information systems tracking (or not tracking) property management and U&D within agencies:*** Initial interviews led the FAS U&D study team to believe that FEDS might be an antiquated system. The study has since found that FEDS/ GSAXcess™ appears to be a capable system that meets the program needs. A technical systems assessment of FEDS was beyond the scope of this project. The shortcomings in FEDS appear to be the result of inaccurate and/or incomplete Federal Agency inputs. The multiple information systems used within and between agencies to manage their assets make it difficult to standardize data. The asset management IT systems used within agencies should be streamlined, or at a minimum be made to meet certain standard criteria including use and application of similar data fields, condition codes, asset

²⁴ Pictures can contribute significantly to an assets description and perception. Although FEDS/ GSAXcess™ was upgraded in October 2003 to allow for pictures, the challenge remains for the Federal community to provide such pictures to the system.

descriptions, and standard taxonomies. This consolidation of consistent data would result in improved information for intra- and inter-agency utilization, resulting in a more efficient utilization process. This would also provide transparency into special authorizations and insight into the notion of utilization being used as donation without the transfer of title²⁵.

²⁵ More complete asset data information is necessary for improved policy-making. This internal data, which includes internal transfers, and special authorities (e.g. Stevenson-Wydler excess transfers) should be provided to GSA due to their statutory mission of managing the Federal personal property disposal process within the U&D phases. In turn, GSA will leverage this data to improve insight into asset management practices throughout agencies. OMB is the only governmental agency that could provide the necessary impetus to make this happen, as they are the only executive branch authority that can provide direction to the entire Federal community. Past efforts to obtain this data have not been successful.

Section 1 - Current Utilization and Donation Process

During the development of the As-Is process models, multiple information-gathering sessions were conducted with various stakeholder representatives. These sessions included work session interviews, telephone interviews, and documentation reviews related to areas of Program Regulations, Business Method/Process, and Technology. The following sections will summarize the “As-Is” Model.

Section 1 Key Messages

- Asset lifecycle model and “as-is” processes for the U&D programs were identified
- Existing IT systems enable the U&D programs
- Policy and forms support the U&D programs

Stakeholder Review

There are five major types of stakeholders in the Utilization & Donation (U&D) program that interact either directly or indirectly with one another. These stakeholders are GSA, federal agencies, State Agencies for Surplus Property (SASPs), non-profit and Special Interest Groups, and Taxpayers. While all play key roles in the process and stand to benefit from further efficiencies, their interests are sometimes misaligned and this inhibits the full efficiency of the program. This section presents a summary of the role and perspective of each stakeholder in an effort to develop a baseline for further analysis of the program.

Taxpayers are the primary stakeholder and beneficiary of the program. Tax dollars fund federal agencies through congressional appropriations, and these organizations use these tax appropriations for new procurements. The savings gained from the U&D program through reduced procurements serves to minimize taxpayer’s burden and create value at federal and state levels. The taxpayer’s interests are to maximize the savings (procurement avoidance) and benefits (non-Federal and non-profit donations) derived from the U&D program.

GSA is mandated by law to maximize the reuse of federal property and maximize the value and utility gained from each taxpayer dollar used to procure those assets. As a result, GSA works to maximize the efficiency and effectiveness of the processes and systems that make up the U&D programs. This includes minimizing the cost of supporting the U&D processes and systems, while improving their performance. GSA is not responsible for tracking and managing used assets within government agencies.

Federal Agencies participate in U&D in two ways: they declare their unused assets as excess, and they acquire assets from other agencies in the utilization stage. Importantly, U&D relies on agencies to provide assets for reuse, yet it fails to offer any incentive for these agencies to provide these assets. In fact, many agencies argue that entering assets into the U&D process costs them scarce funding and resources, without significant benefit.

State Agencies for Surplus Property (SASPs) are responsible for interacting with GSA to acquire surplus federal property on behalf of state and local government and eligible non-profits within their state. SASPs benefit greatly from the process because they are able to obtain assets at little or no cost from Federal surplus, and then pass these assets on to state and local governments and non-profit organizations within their state. This benefits both the recipients and the taxpayers that live in that state. SASP’s

main incentives are to increase the amount of property available for donation screening, to make the program easier to use through increased efficiency and effectiveness, and to minimize their costs incurred participating in the programs.

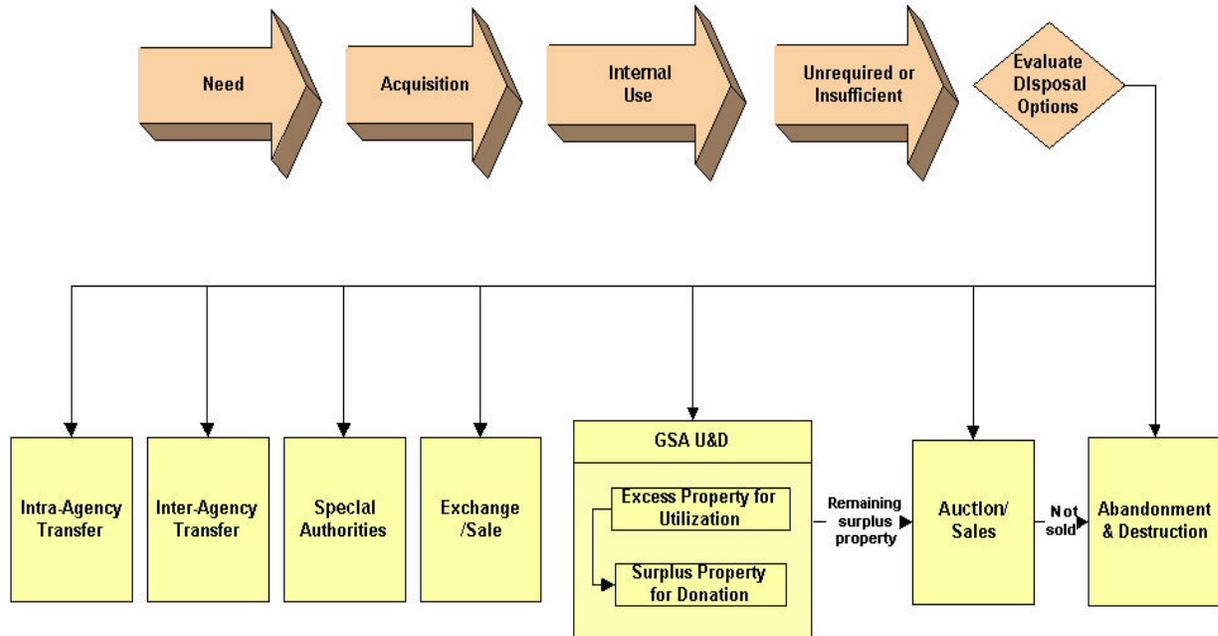
Donation Recipients benefit from U&D by acquiring assets through their SASPs at greatly reduced prices; as compared to the fair market or retail value they would otherwise pay²⁶. Their incentive is to obtain needed assets at little or no cost.

The stakeholders in the U&D programs play key roles in the process and stand to benefit from increased efficiencies in the policies, processes and systems. However, while all stakeholders support the programs, each has its own motivation and interest in participating in these programs and these motivations are often misaligned, as illustrated above.

²⁶ A donation recipient e.g. Boy Scout, Girl Scout, local educational institution, is not purchasing a donation item, they are paying a service and handling fee for the cost, care, and handling of the donation eligible item. This service and handling (S&H) fee is typically in the 11-12 percent range of the original acquisition cost of the item. The service and handling fee can be negotiated between the SASP and the eligible donee. Title transfer between the Federal community to the SASP and eligible donees is not immediate. There is generally a period of time approximating 18 months before the eligible donee obtains ownership. The title is conditionally transferred. During the conditional title period, the SASP monitors the use of the item and ensures that the taxpayers' interests are protected.

Personal Property Asset Life Cycle Overview

The federal personal property life cycle begins with the identification of a need within an agency. Once this need is identified, the life cycle evolves as shown below. This represents a generic approach and agencies may consider all or portions of these options:



1. The acquiring agency defines its need for an asset.
2. An agency procurement officer finds the proper item and acquires the asset through the appropriate procurement process.
3. The agency uses the asset to fulfill the original need identified.
4. The agency classifies the item as unrequired/insufficient for the original need after a period of usage.
5. The agency then evaluates disposal options. These options are as follows. The order of these options will vary based upon circumstances, agency, and property type²⁷.
 - Intra-Agency Transfer
 - Inter-Agency Transfer
 - Special Authorities (as allowed by statute)
 - Exchange/Sale
6. Utilization & Donation
7. Final Disposition
 - Auction / Sales
 - Abandonment and Destruction

Detailed descriptions of all the options are following.

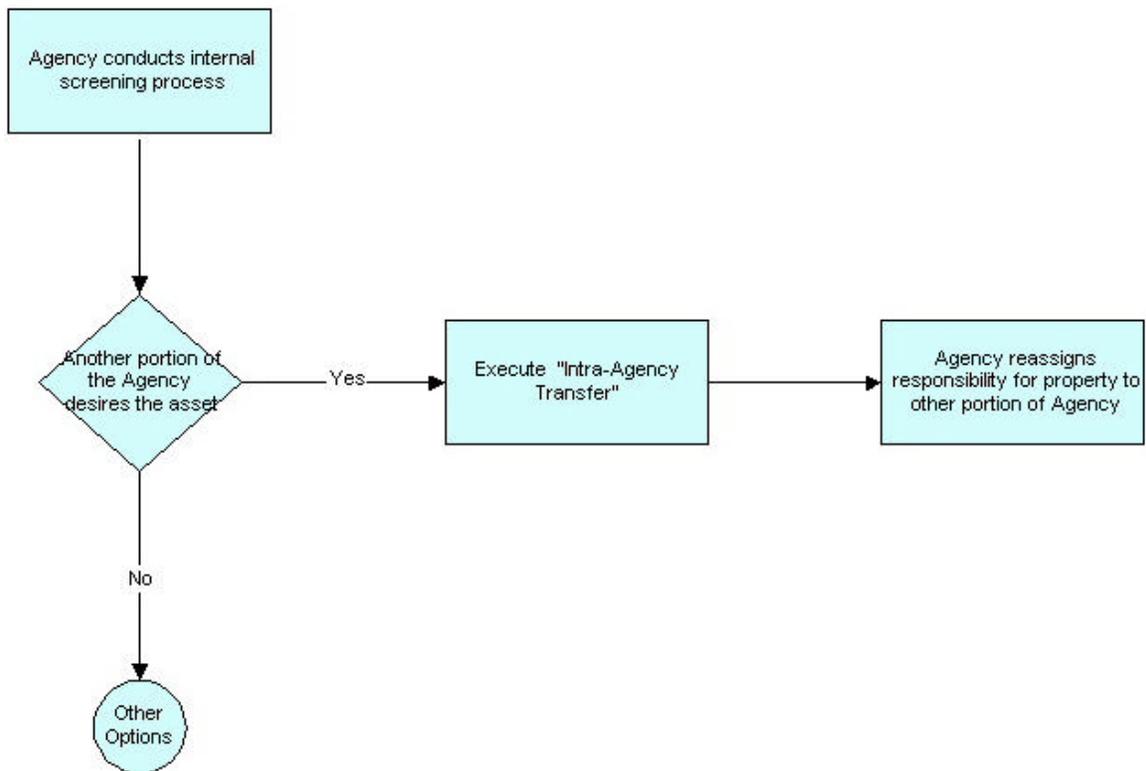
²⁷ Though this order represents the general process, it is not necessarily in sequential order.

B.1 Intra-Agency Transfer

Description

An agency's first option after they deem an asset as unneeded is Intra-Agency transfer. This is the transfer of the asset to another program area within the same agency, to fulfill a need in the recipient's program area. The asset is first screened, or offered to potential claimants, in various ways such as: via phone call, computer system, e-mail, fax, or an internal screening information system.

This option is carried out by the holding Agency itself and GSA is not involved. GSA does maintain certain internal Agency systems that use the GSA-FEDS/ GSAXcess™ framework to display available intra-agency assets however; agencies are responsible for their own internal screening.



Process

The process typically follows these steps:

1. The agency conducts the internal screening process, as described above.
2. A different office within the agency determined that it desires the asset.
3. The current owner of the asset executes an Intra-Agency transfer to the area of the agency desiring the asset.

4. The agency then reassigns responsibility for the asset to the receiving department or office.

Notes

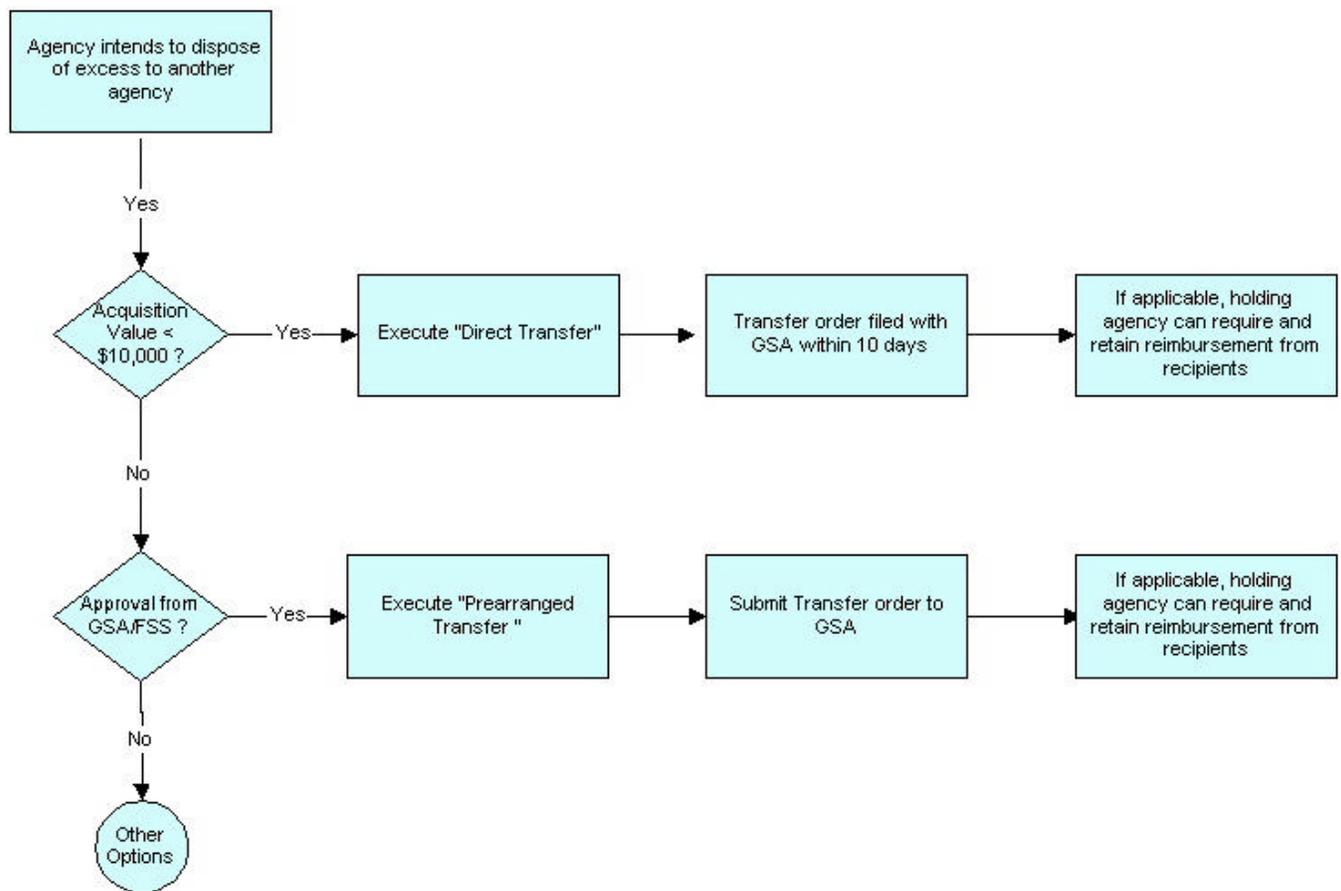
- GSA has no statutory authority over agency internal use and reuse.
- Some agencies choose to use internal screening systems, which have been developed as modules of FEDS/ GSAXcess™. In these instances, the agencies pay GSA a user fee for the systems, but GSA is not otherwise involved in the process.
- No forms must be submitted to GSA to document any transfer of this type.

B.2 Inter-Agency Transfer

Description

Another agency disposition option is Inter-Agency transfer. This is the transfer of the asset to another agency, to fulfill that agency's need and avoid unnecessary procurement costs. The recipient usually becomes aware of an asset for this type of transaction through a contact at the disposing agency.

This process takes place via a phone call, computer system, e-mail, or fax. This option is initiated by the holding agency itself and does not involve GSA unless the original acquisition cost (OAC) of the item is over \$10,000. If the OAC of the item is greater than \$10,000, then the acquiring agency must obtain prior approval from GSA Federal Supply Service (FSS). This transaction is documented using form SF122.



Process

The process includes the following steps:

1. The acquiring agency becomes aware of the excess property.
2. The acquiring agency determines that the asset will meet its needs, at a lower cost than a new procurement. If not, the agency seeks other options.

3. If the disposing agency agrees with the acquiring agency, the agency disposing of the property must determine whether the OAC was greater than \$10,000.
4. If the OAC was less than \$10,000, the disposing agency may execute a direct transfer. The agency files a transfer order within 10 days of transfer. Under certain situations, the disposing agency may also require reimbursement of transfer costs, and certifies transfer by submitting a SF122 to GSA.
5. If the OAC is greater than \$10,000, the disposing agency must then obtain approval from GSA/FSS to execute the transfer. After receiving approval, the agency executes the prearranged transfer and submits a SF122 to GSA. The disposing agency can also require reimbursement of transfer costs.
6. If GSA declines approval or another acquiring agency is not identified quickly, the disposing agency evaluates other disposition options.

Notes

- GSA must be notified of all inter-agency transfers taking place.
- This type of transaction occurs outside the normal U&D process, but is recorded in FEDS as a U&D transaction.
- This transfer must be documented using a SF122.

B.3 Special Authorities

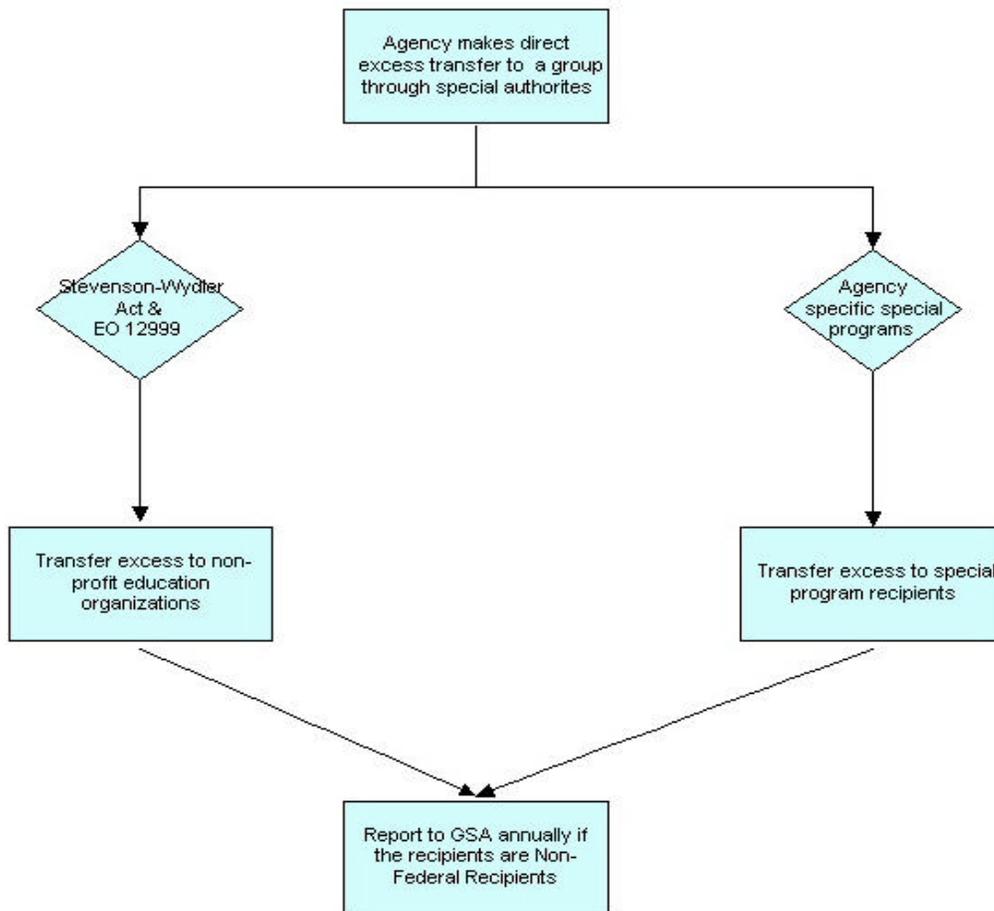
Description

An agency may release property to an outside activity under provisions of a special authority. Special authorities are statutory provisions designed to give excess assets to groups that may use them for a particular purpose, such as NASA's scientific equipment aiding research at universities. These authorities may exist to collectively support all federal agencies or may support an agency-specific program. The primary Federal-wide programs are the Stevenson-Wydler Act and Executive Order 12999 (EO12999). There are numerous additional agency-specific programs within each part of the government.

Eligible recipients contact agencies to determine availability of property. Finally, the agency and recipient must complete the appropriate internal or program specific documentation to make a record of the transfer.

Example of agency-specific special authorities for the Department of Defense (DoD) include:

- Humanitarian Assistance Program (HAP)
- Law Enforcement Support Office (LESO)
- Foreign Military Sales (FMS/ Grant Aid)



Process

When an agency participates in one of these programs, they must follow these steps:

1. After eligibility verification, the agency transfers the property directly to the recipient. Transfer costs are usually the responsibility of the recipient.
2. The Agencies must report annually to GSA on the transfers made to non-Federal recipients.

Notes

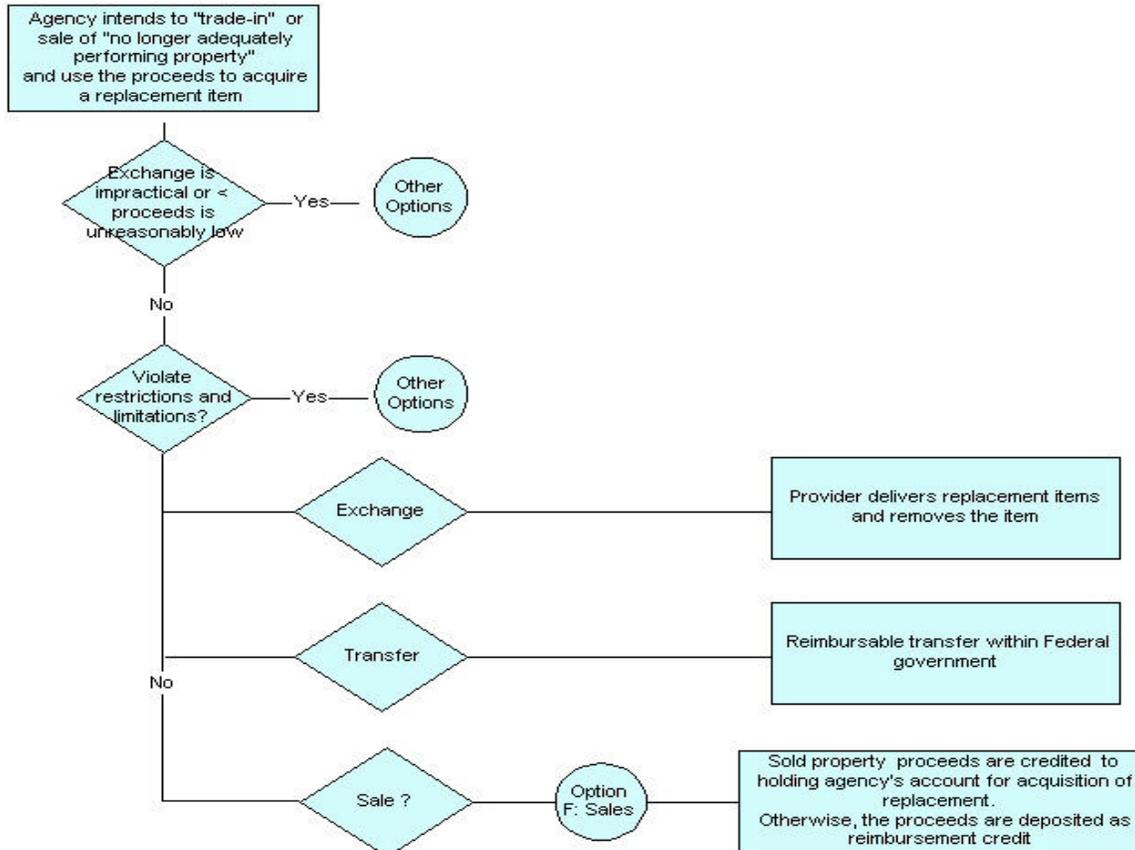
- Special authorities are the result of executive orders or combined authorizations.
- There are numerous types of personal property assets that go through this process.
- This process has an impact on U&D by offering a way for some donation level recipients to “jump in line” and get in front of both utilization and donation recipients at the excess stage.
- There is no consistent data available on the volumes of assets going through these programs.
- Some special authorities are not clearly identified, and in some cases have conflicting mandates.
- Redundant programs exist across agencies.

B.4 Exchange/Sale

Description

Exchange/Sale is a program that allows an agency to trade-in non-excess or obsolete property, and use the proceeds or exchange allowance for the acquisition of new "similar" property. An agency may receive credit for returned property from a vendor toward the purchase of new property, or proceeds from an outside source for use toward the purchase of new property. The credit or proceeds from the sale remain with the disposing agency for the remainder of the current fiscal year and the following fiscal year. If, by that point, the agency has not used the proceeds or credit toward a new purchase of "similar" property, the proceeds are transferred to the Treasury.

Agencies are encouraged to offer exchange/sale assets to other agencies with similar property needs for reimbursable transfers. This reimbursement is applied towards the purchase of the replacement item. The agency may also exchange the property with a vendor for credit towards the purchase of a similar item. Exchange sale is not required to take place through GSA, and may be carried out by the agency or an outside contractor hired by the agency. Exchange sale property to be sold by GSA is reported to GSA using an SF 126.



Process

The steps for exchange sale are as follows:

1. The agency must determine whether exchange/sale is practical or the proceeds justify the effort. If exchange/sale is not feasible, the agency evaluates other disposition options.
2. If exchange/sale is feasible, the agency determines if the transaction violates any restrictions or limitations on the types of goods allowed in this process. If restrictions are present, the agency must evaluate other disposition options.
3. If exchange/sale is allowable, the agency evaluates exchange or sale.
4. For exchange, the agency trades the item for a vendor credit towards replacement property, or transfers property with reimbursement to another government agency.
5. Property can be transferred to another federal activity with reimbursement at fair market value.
6. If an agency opts to perform a sale, the agency has the options to use GSA sale, sell on its own behalf, or finds an outside contractor to sell the item.
7. If the asset is sold before replacement property is acquired, the agency applies the proceeds towards future purchases of similar property.
8. If the asset is sold after replacement property is acquired, the agency keeps the proceeds and applies them towards the cost of the previously purchased replacement asset.

Notes

- GSA may be involved in this process depending on the disposition option.
- The following Federal Supply Classification groups are ineligible for exchange/sale:

- 10 Weapons
- 11 Nuclear Ordnance
- 12 Fire Control Equipment
- 14 Guided Missiles
- 14 Aircraft; except FSC1560, Airframe Structural Components
- 42 Firefighting, rescue, and safety equipment
- 44 Furnace, steam plant, drying equipment, and nuclear reactors
- 51 Hand tools
- 54 Prefabricated structures and scaffolding
- 68 Chemicals and chemical products, except medicinal chemicals
- 84 Clothing, individual equipment, and insignia

B.5 GSA Utilization & Donation

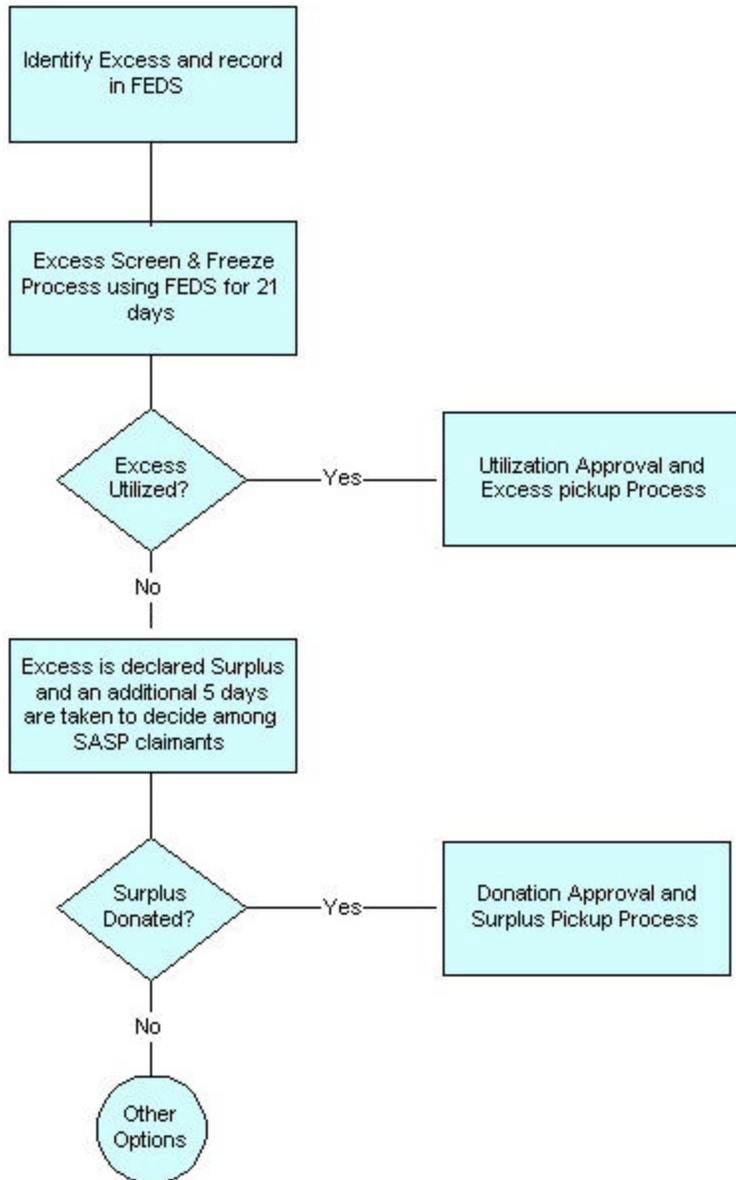
Description

There are two important classifications of property in the U&D programs:

- *Excess Property*: personal property under the control of any Federal agency that is no longer required for that agency's needs, as determined by the agency head or designee.
- *Surplus Property*: excess personal property not required for the needs of any Federal agency, as determined by GSA.

The Federal Management Regulation (FMR) requires executive agencies to use excess property as the first source of supply. The objectives of the U&D Programs are to:

- Receive, describe, record and account for all excess and surplus federal property;
- Promote the maximum use of excess property in lieu of new procurement throughout the government;
- Transfer excess and surplus property to eligible recipients; and
- Maximize the continued use of property before final disposal.



Process

The U&D phase begins when an agency declares an asset as excess. The process follows:

1. An asset is declared excess by the disposing agency by completing and submitting a form SF120 or electronic entry of the asset into the Federal Disposal System (FEDS). 90% of entries are electronic feed.
2. When the asset is entered into FEDS/ GSAXcess™, the asset has full visibility and federal and state agencies may “screen” or review that asset to see if it fulfills a need.
3. Federal agencies receive priority over state agencies for claiming assets.

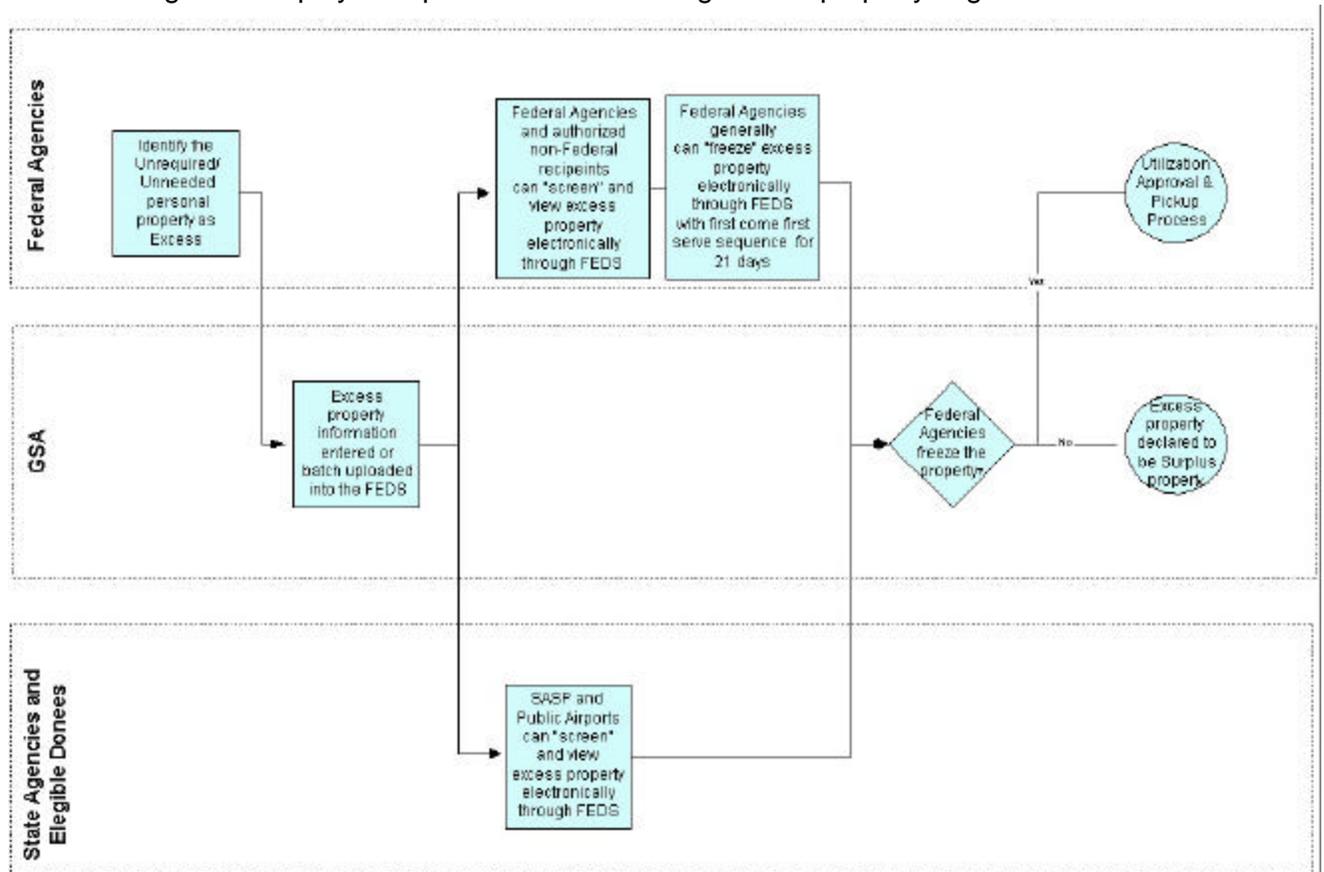
4. If the asset fulfills a need of the screening agency, the agency places a “freeze” or claim on it. If the asset is frozen by a federal agency, the asset is allocated, generally on a first-come, first-serve basis.
5. If the asset is allocated to a federal agency, GSA approves the transaction, documents it on an SF 122, and the receiving agency handles the logistics for transportation of the asset.
6. The screening period for federal agencies lasts for 21 days after an asset is entered into FEDS/ GSAXcess™.
7. Assets not frozen by a Federal Agency are declared surplus and are eligible to be allocated amongst state claims.
8. If the asset is frozen by an SASP, GSA allocates the property and the receiving agency arranges transfer. This is done using form SF123.
9. If GSA does not allocate the property in the 26-day period, the disposing agency evaluates other disposition options.

Notes

- The recipient is responsible for the shipping and handling costs.

B.5.1 Excess Property

The following chart displays the processes for claiming excess property in greater detail.

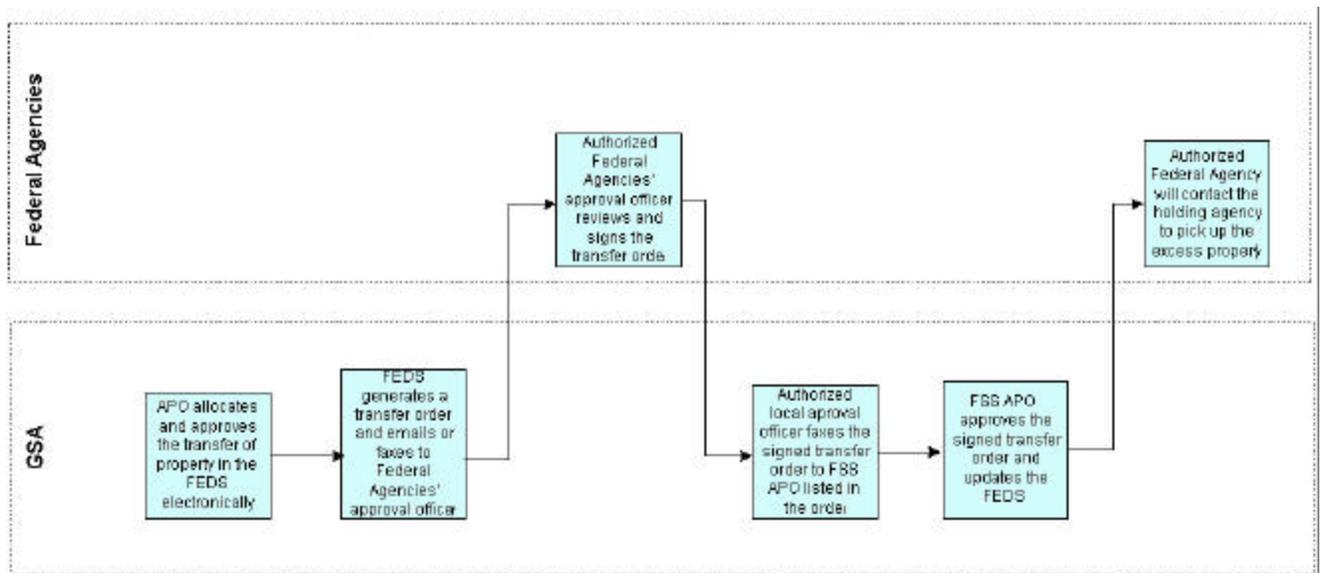


Interested government agencies may view excess property through FEDS/ GSAXcess™. This part of the process is referred to as screening. The screening period is 21 days. The purpose of the screening period is to give federal agencies the opportunity to view the property and determine if a federal need for the excess property exists.

Property can be claimed or “frozen” for transfer to an agency by an authorized screener. Authorized federal employees “freeze” excess property in FEDS/ GSAXcess™ to reserve it for their agencies. Freezing an item in FEDS/ GSAXcess™ online is the initial step required to generate an automated transfer order for the item.

Requests for excess property are generally honored on a first-come, first-served basis. In the event of competing freezes, consideration is given to national defense requirements, emergency needs, equitable distribution, transportation costs, and avoidance of new procurement. The allocation report will show that an allocation for property frozen by a federal Agency is due the day after the freeze.

The procedure for utilization approval and excess logistics is depicted and described as follows:



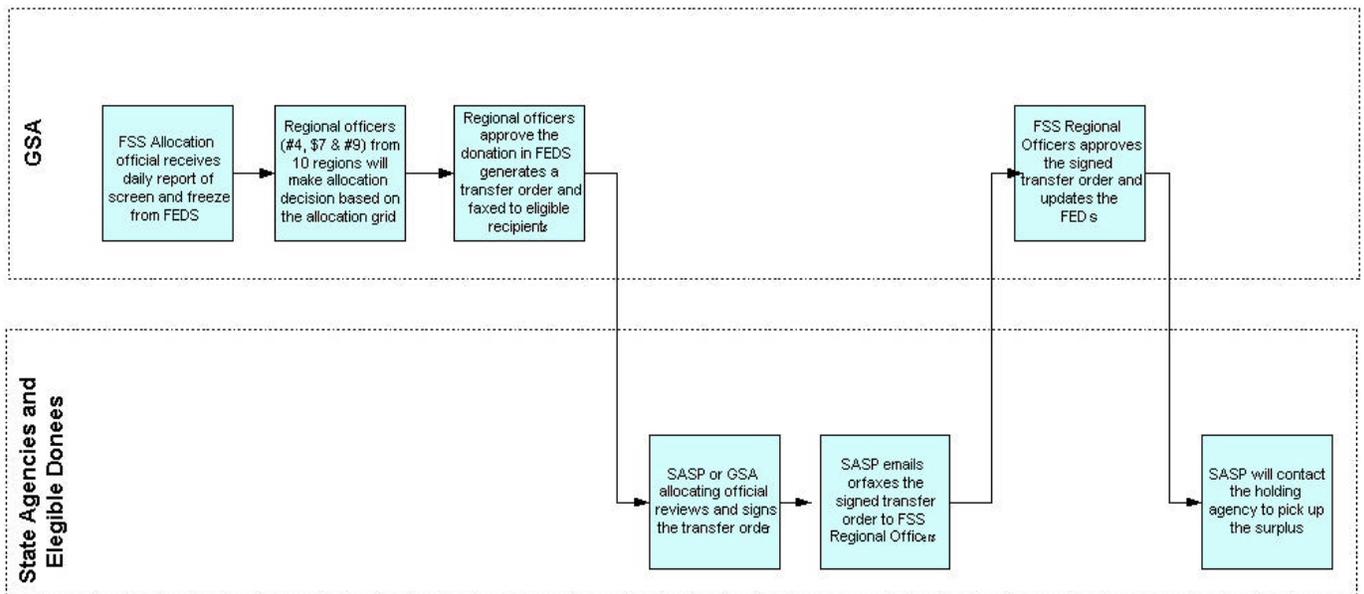
- FEDS/ GSAXcess™ generates an electronic allocation report to the appropriate GSA FSS Area Property Officer (APO).
- GSA FSS allocates the property in FEDS/ GSAXcess™.
- Agencies identify authorized approving officer.
- FEDS/ GSAXcess™ generates a transfer order SF122 and emails or faxes it to the Agency’s authorized approving officer.
- Authorized approving officer reviews and signs the transfer order.

- Authorized approving officer faxes the signed transfer order SF122 to the GSA FSS APO listed on the order.
- APO approves the signed transfer order and APO updates FEDS/ GSAXcess™ for the transfer transaction.
- Authorized federal agency will contact the holding agency to pick up the excess property

B.5.2 Surplus Property

The State Agencies for Surplus Property (SASP) and public airports can view and freeze the property in FEDS/ GSAXcess™ during the excess stage of the lifecycle, but property cannot be allocated to them at that stage. However, if excess property is not frozen at the end of the 21-day screening period, GSA then designates excess property as surplus and available to SASPs and Public Airports.

GSA has up to five days to complete the allocations among the SASPs and the public airports. The authorized allocating official evaluates freezes from the SASPs and airports and the property is allocated based upon historical data. The overall procedure for donation approval and surplus logistics is depicted and described as follows:



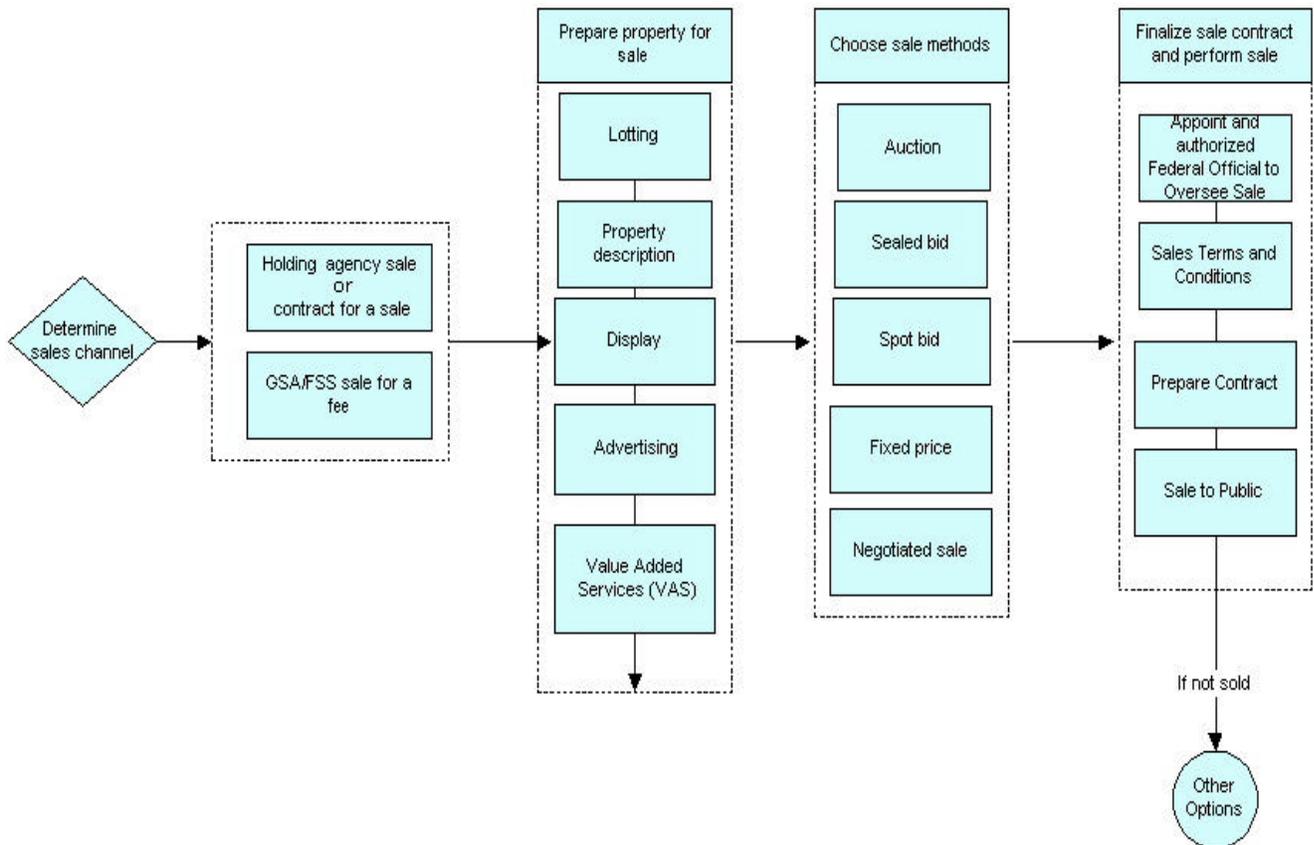
- Authorized SASP or Public Airport freezes the asset in FEDS/ GSAXcess™.
- GSA FSS Allocating Official receives the daily report of frozen assets from FEDS/ GSAXcess™.
- GSA FSS Allocating Officials will make allocation decision based on the allocation criteria.

- Allocating Officials approve the donation in FEDS/ GSAXcess™ and FEDS/ GSAXcess™ generates a transfer order Form SF123 and emails or faxes to SASP/FAA regional offices.
- SASP/FAA reviews and signs the transfer order SF123 and faxes the signed order to FSS allocating officials.
- GSA FSS allocating officials approve the signed transfer order and update in FEDS/ GSAXcess™, faxing it back to the SASP/FAA.
- SASP/FAA will contact the holding agency to pick up the surplus property.

B.6 Sales

Description

Any asset that is not removed during the Donation stage is available for sale. All sales proceeds are transferred to the Treasury (i.e., net proceeds are not retained by the selling agency)²⁸. Items for GSA sale are declared for sale using Form SF126, unless previously reported in FEDS/ GSAXcess™. Assets are sold through various sources, including GSA Auctions, which is an on-line marketplace designed to sell assets to the highest private bidder. Timeframes to list and sell assets in the on-line marketplace vary by Agency and asset.



²⁸ The DOD states that they have statutory authority to retain their sales proceeds. Additionally, recent regulatory changes by OGP have allowed agencies to retain a portion of their sales proceeds to offset verifiable costs for conducting their sales.

Process

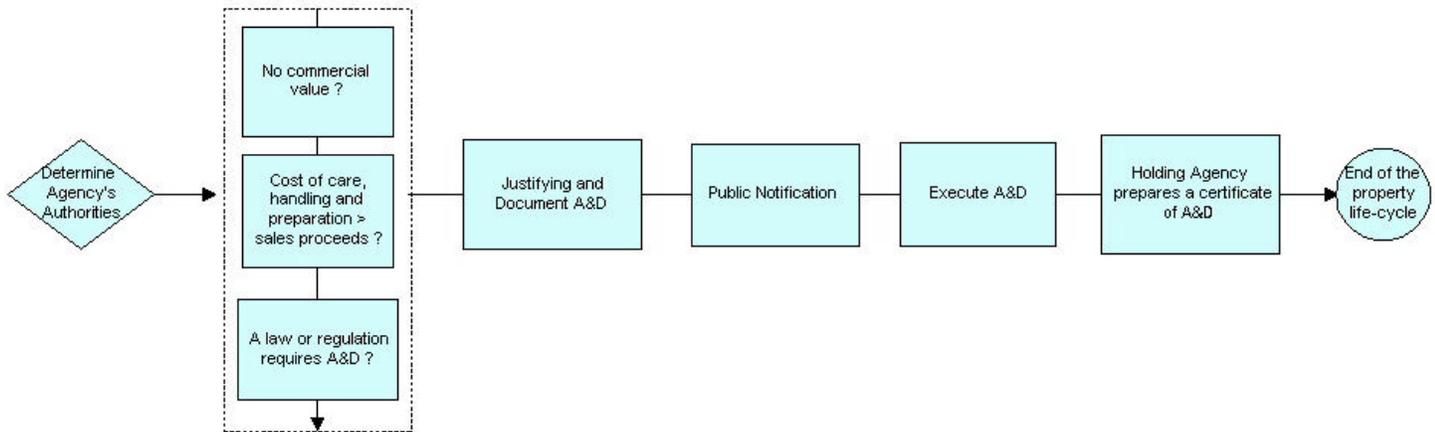
The steps in the sales process are as follows:

1. The agency decides whether to sell an asset via a contractor, another agency, direct sale, or GSA Sale.
2. The agency (or party responsible for selling the asset) must prepare the asset for sale. This can include lotting, property description, arranging display, advertising, and any other Value Added Services (VAS) such as asset repairs to improve its value.
3. The agency or selling party selects a method of sale such as auction, sealed bid, spot bid, fixed price, or negotiated sale.
4. The agency finalizes the sale by appointing a Federal Official to oversee the sale, negotiate the sales terms and conditions, prepare a sales contract, and transfer the asset to the buyer.
5. If the asset is not sold, the agency will evaluate other disposition options such as Abandonment & Destruction or attempting to sell the asset through another channel.

B.7 Abandonment & Destruction

Description

Abandonment & Destruction (A&D) is generally the final disposal option available to a federal agency in the Federal Personal Property Lifecycle. If an agency makes the determination that no value is gained from an asset through its reuse or sale, they can choose to proceed with A&D. The agency completes the necessary documentation to justify abandonment or destruction, publicly declare intent to abandon or destroy, and documents the method used for abandonment or destruction. An alternate route to A&D occurs when an asset goes through the GSA U&D and Sales stages without being frozen or receiving a bid. If this occurs, the same steps as outlined above will be followed. When A&D is completed for an asset, the asset is removed from the Agency's inventory.



Process

The steps for A&D are as follows:

1. The agency determines if it has the justification to abandon or destroy the asset. The agency justifies that the asset has no commercial value, the cost of sale would exceed the proceeds, or that the law requires abandonment or destruction of the asset.
2. The agency documents this justification.
3. The agency notifies the public of intent to abandon or destroy if necessary.
4. The agency executes the abandonment or destruction.
5. The disposing agency prepares certification of abandonment or destruction for public record.

Notes

- A&D removes the property from the agency's inventory.

IT Systems

Many types of information technology systems exist in GSA and other Agencies that interact with one another in a number of ways to support the utilization and donation of unrequired/unneeded assets.

The core system is the Federal Disposal System (FEDS). It is an electronic system used for recording, tracking and controlling the nationwide inventory of federal excess and surplus property. GSAXcess™ is a new web interface for customers to access the FEDS database. FEDS maintains records of all excess and surplus property reported to GSA. GSA uses FEDS to track the progress of the property as it moves from the re-utilization and excess stage of disposal to the surplus or donation stage. It is a real-time system with an online database. Agencies use batch processing for convenience in reporting large volumes of property.

There are three groups of users: Federal agencies, authorized non-Federal recipients, and surplus customers, such as the SASPs. They may access FEDS/ GSAXcess™ either through GSAXcess™ on the internet or through the Dial-in FEDS.

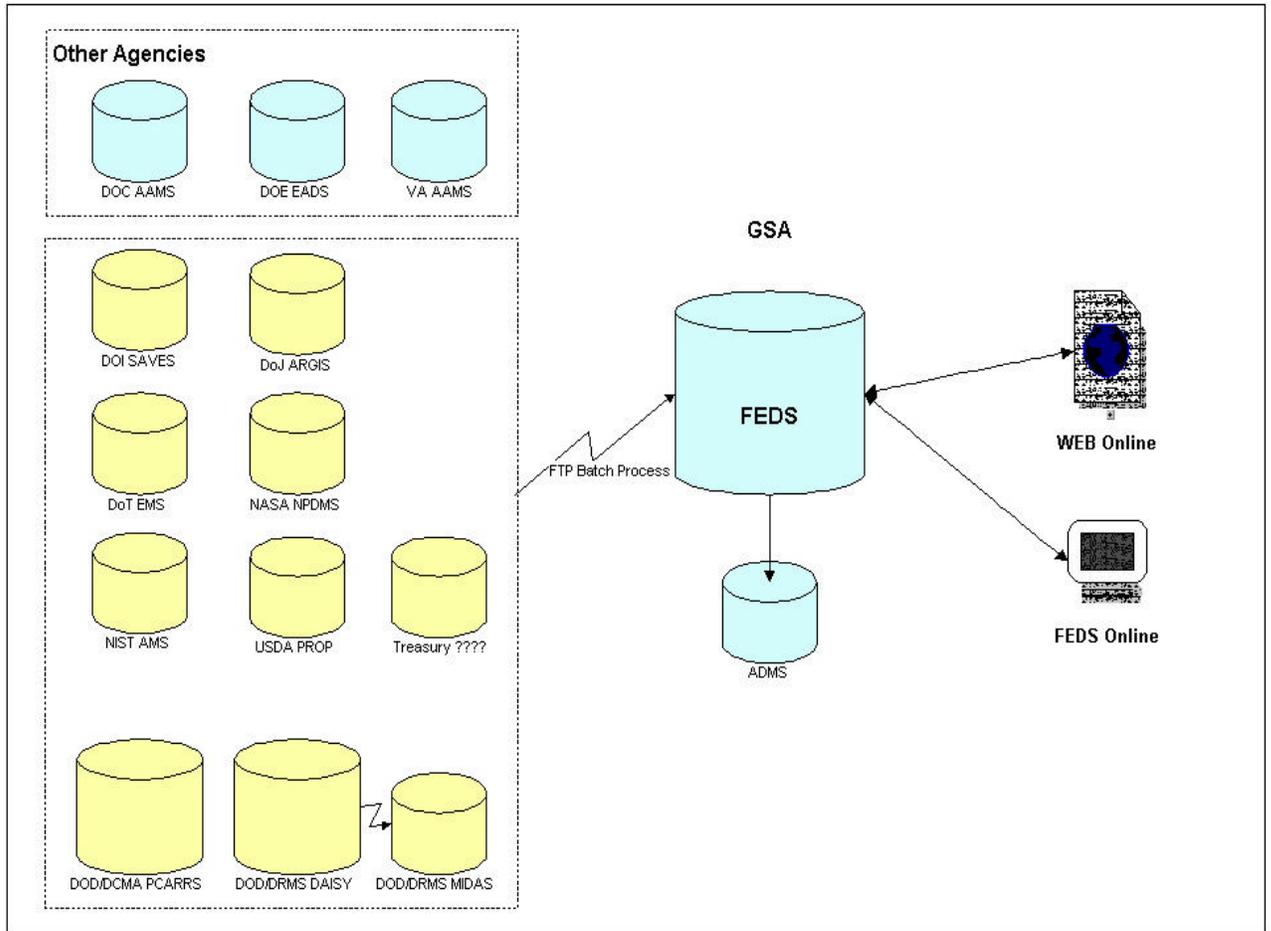
There are two groups of systems that feed excess information into FEDS electronically. FEDS processes the transactions during an overnight cycle that runs Monday through Friday. The two groups of the system are as follows:

- *AAMS*: is a modified module of the FEDS database. Agencies using AAMS include DOC, DOE, and VA. These agency systems run off of the FEDS database as modules with walls between general FEDS information and agency specific AAMS information. Each system is used to report, freeze, and transfer property exclusively within their own agency.
- *Proprietary Systems*: Other agencies, such as DOD, DOI, DOT, NASA, NIST, or USDA, each have their own system(s) developed internally or obtained as a COTS program. These systems interact with FEDS uniquely, and FTP excess reports to the FEDS database. PCARRS and DAISY are DOD systems, and provide approximately 70 to 80 percent of the total reported Government excess property. PCARRS manages contractor inventory, and DAISY manages inventory turned over to the Defense Reutilization and Marketing Service (DRMS). DOD also runs MIDAS, which manages the inventory database for DAISY.

Some data-consistency problems exist in FEDS, since the organization and type of data fields within each agency system vary to some degree. The multiple proprietary systems cause the lack of standard asset descriptions and accuracy feeding into the FEDS database. Agencies' systems can have internal purposes outside of excess reporting that causes them to contain elements in forms different than those necessary to generate an FTP transfer to FEDS. These data inconsistencies make it difficult to feed data into FEDS, and hamper the effectiveness of U&D as a result²⁹.

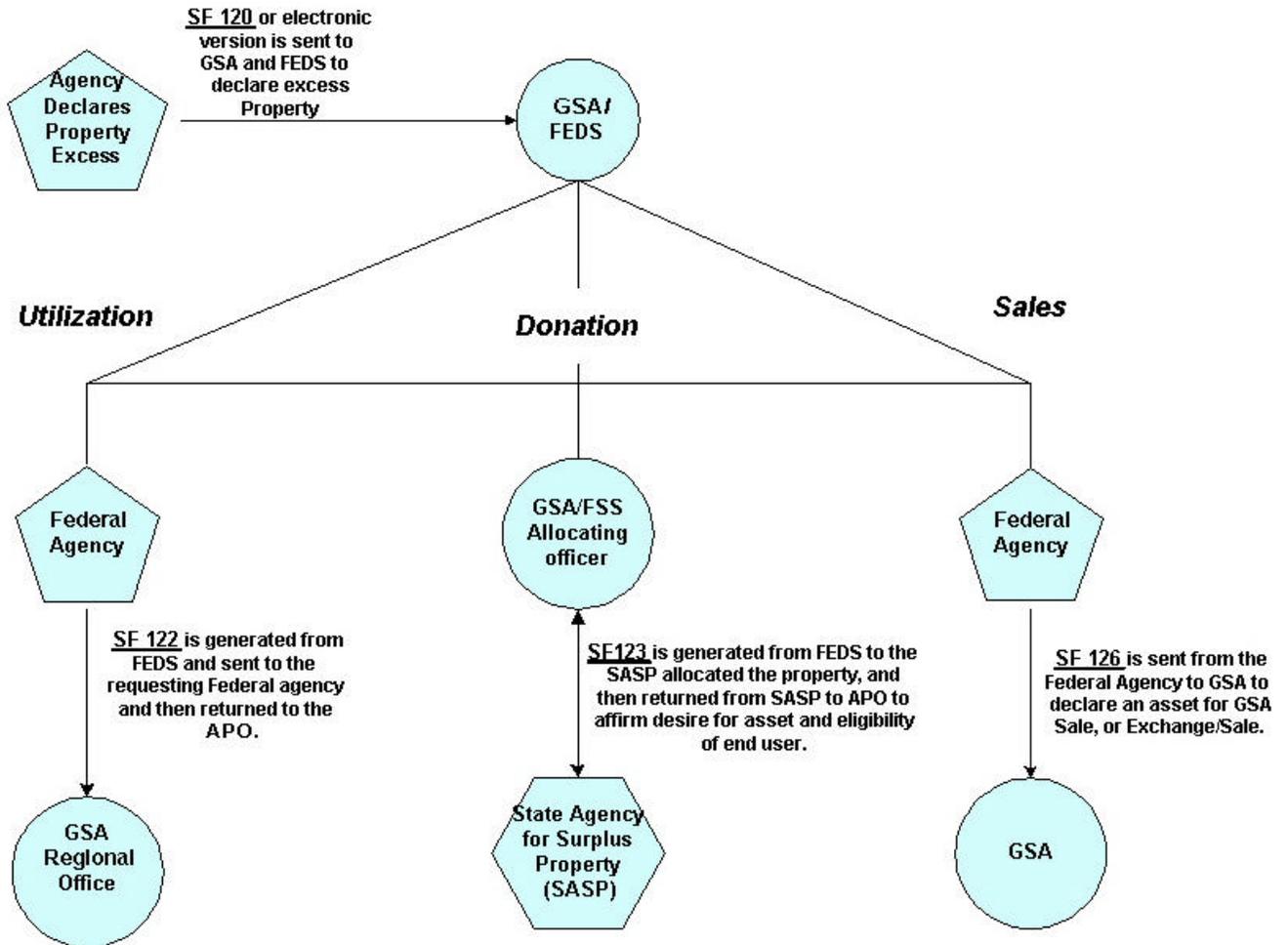
²⁹ GSA staff work with each Federal agency community associate in providing a record layout that is complimentary to the agency system and meets the needs of the GSA system.

All systems are documented with details elsewhere in Section 10. The diagram below depicts the existing IT infrastructure that enables the U&D processes.



Process Forms

GSA and other agencies use several forms to track and record the disposition of assets throughout the disposal process. These forms are the SF120, SF122, SF123, and SF126.



There is a standard process for use of forms through U&D and Sales. Agencies use Form SF120 or the electronic version to report excess property to FEDS/ GSAXcess™. FEDS/ GSAXcess™ generates a SF 122, or SF 123 to document transfer of excess or surplus property, respectively. Federal agencies use Form SF126 to declare an item for Sale or Exchange Sale. Though these forms are now replaced with electronic exchanges, the forms are still in wide use. A more detailed review of each form and its place in the U&D and Sales processes is in Section 11.

Regulations

The FAS U&D team conducted a review of the policies and regulations relating to the disposal of personal property for U&D purposes. A historical narrative of the laws and executive orders, as outlined by GSA, is included in Section 12.

Congress has sole authority over the disposition of federal property pursuant to the provisions of Article IV, section 3, paragraph 2, of the Constitution of the United States. This section of the Constitution states that Congress has the authority to "dispose of and make all needful rules and regulations respecting the territories or other property belonging to the United States."

The current U&D program is based primarily on the Federal Property and Administrative Services Act of 1949 (Property Act) now codified at Title 40 U.S. Code. The Act established the GSA and was designed in part to increase the efficiency and economy of federal government operations with regard to the procurement, utilization and disposal of property. Since the birth of the Property Act, GSA established the Federal Property Management Regulations (FPMR) and its successor, Federal Management Regulations (FMR), to guide compliance with existing law. Some of the specific regulations established include:

- FMR 102-36 - Disposition of Excess Personal Property
- FMR 102-37 - Donation of Surplus Personal Property
- FMR 102-38 - Sale of Personal Property
- FMR 102-39 - Replacement of Personal Property Pursuant to Exchange/Sale Authority
- FMR 102-42 - Utilization, Donation, and Disposal of Foreign Gifts and Decorations
- FPMR101-42 - Utilization and Disposal of Hazardous Materials and Certain Categories of Property
- FPMR 101-48 - Utilization, Donation, or Disposal of Abandoned and Forfeited Personal Property

The utilization and donation program has an extensive legal history. Over sixty public laws and executive orders have been issued since 1918 that affect federal surplus and excess property. Many of these are special authorities granted by legislators in support of specific interest groups.

The fragmentation that has resulted from the growth in special authorities has caused confusion among stakeholders and the public regarding who qualifies for these programs. The authorities have also served to divert assets away from U&D, which hinders the impact of the U&D program.

The FAS U&D team will consider these issues and their potential impact on enhancements as specific proposals are identified moving forward.

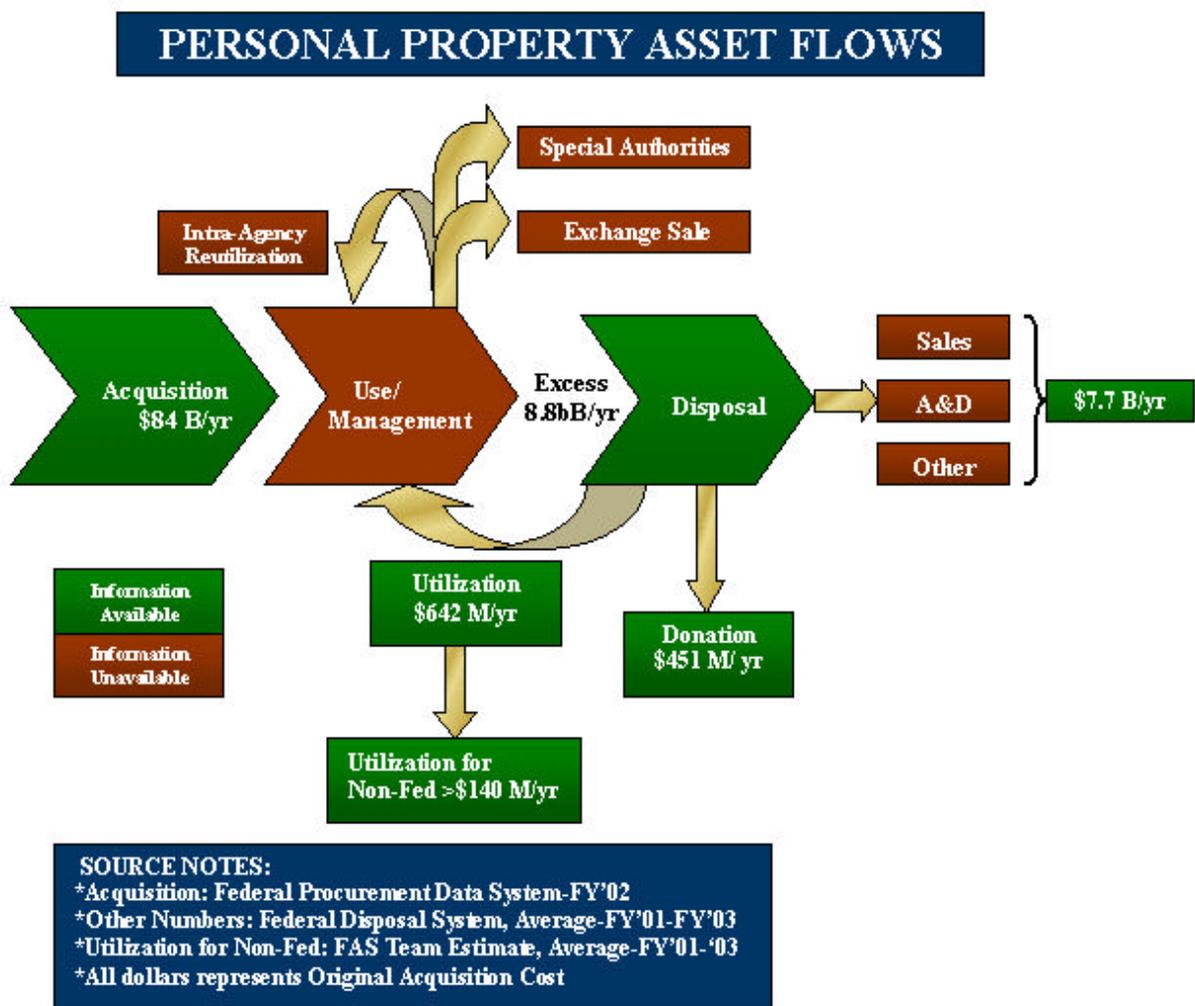
Section 2 - Data Analysis

Based on data calls within FSS, NASASP, and the Federal Procurement Data System, the FAS team has identified U&D trends over the last several years, as well as significant gaps in the data available to analyze the U&D program. The diagram below illustrates the asset lifecycle, and the areas where we do and do not have data.

Based upon data gained from the FEDS database for FY'01-'03 as well as the Federal Procurement Data System for FY'02 we can provide a rough approximation of the dollar flow through the asset management life-cycle.

Section 2 Key Messages

- An average of \$8.8 billion is declared excess per year
- Of the \$8.8 billion \$642 million goes to Utilization each year
- \$451 million goes to Donation each year
- \$7.7 billion a year goes to Final Disposition on average
- Over 80 percent of assets declared excess come from DOD
- Federal procurement spending increases from FY'00-'02 while U&D decreases from FY'01-'03
- 57 percent of SASPs have expenditures that exceed their service & handling income



Acquisition: The report of Federal government spending for fiscal year '02 shows that **total Government spending was approximately \$250 billion, with approximately \$84 billion of this going towards supplies and equipment, or personal property**³⁰.

Use/Management: After the acquisition phase, assets go into use/management phase. As the asset nears the end its useful life, several options remain, these include:

- Intra-agency reutilization
- Exchange/sale
- Declaration of Excess

All of these are explained in greater detail in Section 1 of the appendix. **Due to the lack of reporting requirements for these processes, the amount of assets that flow through each of these channels is unknown.** The only foreseeable way to gather this information would be through an extensive data call among Federal Agencies and each of their departments, bureaus or field offices³¹. While this data is outside of GSA's (FSS) scope for disposal management, creating transparency of this data would allow the government to better understand the usage and disposition patterns of Federally procured assets.

Disposal (Excess): Once an asset has passed through Use/Management, it is then declared "excess" and available for transfer under special authorities or reporting into the GSAXcessTM (formerly FEDS) system for visibility in the U&D program.

On average in FY'01-'03, \$8.8 billion worth of assets were declared excess. Of this \$8.8 billion, \$642 million were claimed through Utilization and transferred to other agencies, re-entering the Use/Management stage of the life cycle. The FAS team estimates (based on further data from FEDS/ GSAXcessTM) that over \$140 million of the \$642 million (over 20 percent) of assets claimed through the Utilization program each year are loaned to Non-Federal agencies and organizations for their use. USDA, National Science Foundation, and USAID are examples of agencies that loan the majority of assets they receive to third parties.

Once assets have passed through the Utilization phase, they are then available for Donation. FEDS/ GSAXcessTM data indicates that \$451 million in assets are donated each year to SASPs and other eligible recipients. The remaining assets that are not utilized or donated then enter the final disposition phase.

³⁰ Associates within the acquisition community suggest that the \$84 billion figure includes items procured by the government that will not reach the excess level. These exceptions include consumables, hazardous materials, and classified items.

³¹ Two separate efforts for this type of data call were initiated by FAS, the initial data request occurred in November 2002 at a multiple agency meeting held at OMB, the second in February 2003. In both instances the data calls were never completed by OMB.

Disposal (Final): The final disposition phase consists of three possible outcomes: Sale, A&D, or other final disposition such as scrapping weapons and other items inappropriate for public sale. **The amount of assets that are disposed through each of these methods is unknown** without an extensive data call. This is due to the regulations in place that allow multiple avenues for sale, and agency responsibility to reclaim and dispose of assets after U&D as their individual regulations specify. **However, it is known that each year an average of \$7.7 billion in assets are available for final disposition, to include sale and A&D.**

Top U&D Users

Agencies appearing in the top *recipients* of excess from FY'01-FY'03 account for 83 percent of all assets received through utilization (Table 1).

Table 1: Top Federal Asset Recipients in FY 2001-2003³²			
	Department Level	Avg \$ Value	% Total
1	US Dept. of Agriculture	\$122,382,642	19%
2	United States Air Force	\$116,832,498	18%
3	United States Navy	\$78,644,168	12%
4	Dept. of Interior	\$62,540,091	10%
5	Dept. of State	\$55,579,990	9%
6	Dept. of Justice	\$54,081,806	8%
7	Dept. of Transportation	\$43,574,176	7%
8	Tennessee Valley Authority	\$43,030,434	7%
9	National Aeronautics and Space Admin.	\$42,296,968	7%
10	United States Army	\$29,408,815	5%
11	US Agency for International Development	\$27,022,169	4%
12	Smithsonian Institution	\$23,964,781	4%
13	National Science Foundation	\$15,881,904	2%
14	Dept. of Labor	\$10,635,307	2%
	Average: Top 10 '01-'03	\$531,448,226	
	Top 10 Percent of Total:	83%	
	Average: Total '01-'03	\$642,669,008	

Agencies appearing in the top *reporters* of excess for FY'01-FY'03 also account for a large percentage of all assets reported, at 87 percent (Table 2). Those activities that are part of the Department of Defense, but not a military service, account for 78 percent of these assets. These activities, combined with the Navy, Air Force, and Army, accounted for 84 percent of all assets reported.

³² This list captures all departments listed as a top ten recipient between 2001 and 2003. There were fourteen agencies that reached that level during those years.

Therefore, while DOD reports almost all of the assets that enter excess, a much wider segment of agencies are claiming those assets.

Table 2: Top Federal Asset Reporters in FY 2001-2003 ³³			
	Department Level	Avg \$ Value	% Total
1	Dept. of Defense	\$6,896,376,029	78%
2	National Aeronautics and Space Administration	\$425,953,114	5%
3	Dept. of Commerce	\$413,328,513	5%
4	Dept. of Energy	\$259,187,284	3%
5	United States Navy	\$239,944,634	3%
6	United States Air Force	\$157,060,254	2%
7	General Services Administration	\$149,719,561	2%
8	Dept. of Veteran's Affairs	\$91,455,673	1%
9	Dept. of Transportation	\$85,308,887	1%
10	Dept. of Treasury	\$76,329,730	1%
11	United States Army	\$70,080,581	1%
12	Dept. of Justice	\$50,948,304	1%
13	US Dept. of Agriculture	\$49,499,533	1%
	Average: Top 10 '01-'03	\$7,648,320,891	
	Top 10 Percent of Total:	86%	
	Average: Total '01-'03	\$8,799,455,531	

U&D Trends

Looking at the larger U&D program, it is interesting to note that while Utilization and Donation make up just 12 percent of the dollar value of assets declared excess (7 percent utilization and 5 percent donation), U&D makes up 21 percent of the number of line items declared excess (9 percent utilization and 12 percent donation). The donation statistics vary quite considerably in these two comparisons. Donation makes up 5 percent of the dollar value of assets, and 12 percent of the number of line items. **This would indicate that the Donation program is being allocated a larger volume of low dollar value items (Table 3).**

³³ This list captures all departments listed as a top ten recipient between 2001 and 2003. There were thirteen agencies that reached that level during those years.

Table 3: Composite Totals \$ Value vs. # Line Items			
\$ Value	Percent	Avg FY'01-'03	Total FY'01-'03
Reported	100%	\$8,799,455,531	\$26,398,366,593
Utilization	7%	\$642,669,008	\$1,928,007,023
Donation	5%	\$451,281,976	\$1,353,845,927
Final Disposition	88%	\$7,705,504,548	\$23,116,513,643
# Line Items	Percent	Avg FY'01-'03	Total FY'01-'03
Reported	100%	905,311	2,715,933
Utilization	9%	78,413	235,239
Donation	12%	111,819	335,456
Final Disposition	79%	715,079	2,145,238

We also find that U&D has decreased steadily over recent years. While Federal personal property procurement has increased from \$76 billion in FY'00 to \$84 billion in FY'02, the property reported and transferred through U&D has decreased. U&D volumes drop from \$981 million and \$572 million respectively in FY'01 to \$433 million and \$354 million in FY'03. Utilization decreased by 55 percent compared with a decrease of 38 percent in donation (Table 4). This would indicate that agencies are not using utilization to avoid new procurements. In addition, reduced transfer volume may indicate that agencies are extending the use of assets due to decreased budgets. The items procured are likely perceived as either not available or up to the standard or condition required by agencies. Much of this misperception is due to the inaccuracy of descriptions and condition codes, and the lack of asset use data, as discussed in the analysis and recommendations section.

Table 4: Composite Totals FY'01-FY'03*							
\$ Value	Percent	Avg	Total	2003	2002	2001	2000
Gov't Spending	100%	\$234,639,160	\$703,917,479	\$0	\$250,192,676	\$234,879,065	\$218,845,738
Gov't Supply & Equipment Spending	34%	\$80,220,748	\$240,662,245	\$0	\$84,278,454	\$79,860,528	\$76,523,263
Reported	100%	\$8,799,456	\$26,398,367	\$7,343,242	\$8,877,393	\$10,177,732	* All \$ values in 1,000's
Utilization	7%	\$642,669	\$1,928,007	\$433,611	\$512,545	\$981,851	
Donation	5%	\$451,282	\$1,353,846	\$354,269	\$426,846	\$572,730	
Final Disposition	88%	\$7,705,505	\$23,116,514	\$6,555,362	\$7,938,002	\$8,623,150	

FSC Comparison

When looking at the data on an individual FSC basis, we also find that **a comparison of top FSCs reported versus top FSCs transferred/donated indicates that only between 30-40 percent of top FSC reported by agencies are also among top FSCs transferred or donated (in dollar value and line time terms).** In addition, of the 905,311 items reported excess by agencies between 2001 and 2003, an average of only 78,000 were transferred and 50,000 donated. The remainder, close to 750,000 items, went to final disposal either to sale, A&D or other. This supports the idea that a valuable way to reduce cost to agencies, while also streamlining the efficiency and effectiveness of the U&D program is to use historical segmentation of assets to determine the appropriate screening time (Tables 5 and 6).

Table 5: FSCs Reported Excess By # Lines: FY 2001-2003			
FSC	Nomenclature	Avg # Lines	Top FSC Transferred or Donated
7025	ADP Input/Output and Storage Devices	96,114	X
7110	Office Furniture	38,826	X
5998	Electrical and Electronic Assemblies, Boards, Cards, and Associated Hardware	34,939	
6625	Electrical and Electronic Properties Measuring and Testing Instruments	30,123	X
7050	ADP Components	29,044	
8415	Clothing, Special Purpose	26,623	X
7021	ADP Central Processing Unit, Digital	24,945	X
5999	Miscellaneous Electrical and Electronic Components	19,882	
1560	Airframe Structural Components	17,473	
1005	Guns, through 30mm	14,878	X
5905	Resistors	14,338	
5820	Radio and Television Communication Equipment, Cards, and Associated Hardware and Testing Instruments Except Airborne	14,101	
5935	Connectors, Electrical	13,953	
5340	Hardware, Commercial	13,527	
5895	Miscellaneous Communication Equipment	13,509	
6810	Chemicals	11,142	
	Average: Top 10 '01-'03	304,126	
	Average: Total '01-'03	905,311	

Table 6: FSC Reported Excess By \$ Value: FY 2001-2003			
FSC	Nomenclature	Avg \$ Value	Top FSC Transferred or Donated
7510	Office Supplies	\$1,042,718,480	
1520	Aircraft, Rotary Wing	\$509,482,620	X
5895	Miscellaneous Communications Equipment	\$482,492,357	
7025	ADP Input/Output and Storage Devices	\$399,076,231	X
1510	Aircraft, Fixed Wing	\$382,361,582	X
6605	Navigational Instruments	\$380,277,121	
2320	Trucks and Truck Tractors, Wheeled	\$343,252,213	X
5998	Electrical and Electronic Assemblies, Boards, Cards, and Associated Hardware	\$342,131,372	
6625	Electrical and Electronic Properties Measuring and Testing Instruments	\$288,882,032	X
2840	Gas Turbines and Jet Engines, Aircraft, Prime Moving; and Components	\$286,467,147	
5820	Radio and Television Communication Equipment, Except Airborne	\$254,954,882	

5865	Electronic Countermeasures, Counter-Countermeasures and Quick Reaction Capability Equipment	\$249,171,459	
5845	Underwater Sound Equipment	\$220,601,423	
1560	Airframe Structural Components	\$216,449,896	
6830	Gases: Compressed and Liquefied	\$198,358,142	
7021	ADP Central Processing Unit, Digital	\$180,849,740	
6130	Converters, Electrical, Nonrotating	\$133,299,182	
	Average: Top 10 '01-'03	\$3,288,248,265	
	Top 10 Percent of Total:	37%	
	Average: Total '01-'03	\$8,799,455,531	

SASP Data

The FAS team gathered statistics on SASPs through a request to the National Association of State Agencies for Surplus Property (NASASP). With 21 respondents to our survey we ascertained that only 43 percent are meeting (or exceeding) their operating expenses. Of these, 95 percent of SASPs operate at least one warehouse, with an average of 1.33 per state. The average operating expenses are \$799,592 per year, and SASPs average inventory is \$5.6 million. These agencies serve an average of 1564 donees per state (Table 7).

Table 7: SASP Operations: 21 SASPs Reporting	
SASP:	Amount:
1. Do you participate in the Donation Program? (Yes/No)	100% Yes
2. Do you operate as your State's Surplus Property Program	53% Yes
3. Do you operate a State Managed Property Center? (Yes/No)	48% Yes
4. Do you serve as the LESO for your State? (Yes/No)	38% Yes
5. Do you operate a warehouse for the Donation Program? (Yes/No)	95% Yes
6. If so, how many warehouses do you operate? (#)	1.33 Warehouses
7. Do you participate in the Overseas Program? (Yes/No)	95% Yes
8. Do you participate in the 1122 Program? (Yes/No)	24% Yes
9. Are you operating in the Black or Red? (Black/Red)	43% In the Black
10. What are your operating expenses? (\$)	\$799,592/ year
11. What is your current Federal Inventory in original acquisition cost (OAC)?	\$5,668,57 7 Avg
12. Do you have another source of funding other than service fees? (Yes/No). Please state source?	19% Yes
13. What is your service fee percentage(s)?	12% Avg
14. What is your number of eligible donees?	1564 Avg

This table shows that the SASPs operate within a delicate balance to remain viable. Refinements to the U&D program, and asset management as a whole may be crucial to ensuring the continuation of the SASPs as they carry out their constitutional duty to serve as the property managers for their states as they interact with and within the U&D program. Industry trends suggest that SASPs may want to consider a business model that minimizes holding costs through just in time delivery, and maximizes the reliance on electronic processes. There appears to be a movement within the SASP community to diminish their warehouse space and rely more on just in time surplus property transfers.

Looking at all of the data presented allows for an important view of what is occurring in the Utilization and Donation program as well as programs and practices that effect U&D. In addition, more complete and efficient asset management policies within agencies and across government would allow for a holistic view of property use, management, redeployment, and disposition. The creation of a total life cycle asset management system would also allow for the more efficient deployment of assets where needed to maximize benefit to the Federal Government and taxpayers.

Section 3 - Industry Practices

Introduction

Industry best practices can serve as a guidepost for evolving a current-state process into a vision, and the transformation of that vision into an improved operating environment. Industry practices can also serve as a baseline for assessing a current-state environment. Throughout private organizations and governments, the goal is to seek innovative practices that serve as a benchmark for the introduction of continuous process improvement.

The industry practices portion of the U&D study examined leading industry practices within the asset management lifecycle. From the perspective of the Federal government, best practices involve identifying and understanding industry opportunities for cost savings and process efficiency.

Through the implementation of new processes and the introduction of new technologies and systems enhancements, organizations across the United States are achieving improved asset management lifecycle efficiency and effectiveness, and many of these concepts and ideas are appropriate for the federal government's current and future U&D program. These practices include the automated capture of asset-specific data during the asset's lifecycle, the use of consistent description and condition codes and taxonomies, and the notion that assets have an economic value across their lifecycles that should be maximized.

Certain organizations recognize that comprehensive asset management can maximize the value of personal property assets. Today, most Federal agencies do not manage their portfolio of property from an asset management and value maximization perspective. Industry practices can be identified and applied, as appropriate, in the Federal government's U&D environment in order to drive efficiencies and maximize the value of assets to the acquiring agency, the U&D recipients, and the taxpayer.

Section 3 Key Messages

- **Automate the end-to-end asset management lifecycle**
- **Maintain asset value throughout the lifecycle**
- **Manage asset information from the beginning to the end of the lifecycle**

Asset Management Lifecycle

Throughout the review of asset management lifecycle practices, common themes emerged across the four major areas of focus. These themes were predominantly identified in the areas of 1) asset process management, and 2) information technology, as applied to support the personal property asset management lifecycle. When speaking with individuals and organizations about property utilization and the asset management lifecycle, three broad-based topics were posed to generate dialog and discussion. The three topic areas focused on:

1. Describing the process for managing surplus personal property
2. Challenges faced in managing surplus personal property
3. Improvements introduced to enhance asset management lifecycle process.

An overview of the common themes identified, within the four major areas of asset management lifecycle best practice focus, includes:

- *National Governments* - Foreign governments emphasize the sale of surplus property rather than utilization and donation. Where personal property is utilized beyond its initial purchase use, it is generally done so within the acquiring agency (i.e., an intra-agency transfer). Among national governments, there is minimal inter-agency transfer of personal property. Similarly, US state governments also emphasize sales after an asset is no longer needed, with limited intra-government transfers³⁴.

The donation process is sporadic. A primary reason for the donation process not being aggressively pursued by these governments revolves around the ability to be equitable in the distribution of donated assets. Limited consideration is made to elementary and secondary education for donation of surplus computer equipment³⁵.

- *US-Based Companies and Industries* - Although only a limited number of private companies incorporate utilization and donation within their asset management lifecycle, as we know it in the Federal government environment, there were some specific utilization instances worth noting. Within vertically integrated organizations (large companies with sizable subsidiaries or independent operating company components such as the big-3 auto manufacturers and PepsiCo), utilization is effectively managed as part of specific business processes, often surrounding an enterprise-wide initiative such as Six Sigma for quality and process improvement.

³⁴ The GSA has a statutory requirement to minimize expenditures for property and to promote the maximum use of excess property by executive agencies e.g. manage and maintain the U&D program. The Foreign Governments we spoke with do not have this requirement.

³⁵ Conversations and interviews were held with the Governments of Australia, Canada, the Netherlands, and United Kingdom.

Merrill Lynch has introduced an internal online auction and Raytheon Aircraft Company has a resourceful reuse program through asset consolidation. These two asset management practices incorporate processes that may offer potential opportunities for changes in federal asset management programs.

A number of the companies reviewed as part of the practices activity included the introduction of an “eBay-style” internal auction as part of their asset management lifecycle. The auction model and process allows internal business units to bid for a particular asset. The bid process generally incorporates a minimum, or reserve price, a relatively short (often less than 1 to 2 weeks) bidding period, and includes digital descriptions of the asset including photographs, maintenance and repair histories, original purchase information, and key descriptors of the advantages and disadvantages of using the particular asset. Notably, this detailed and comprehensive level of information is typically lacking in the federal U&D process, making it difficult for U&D recipients to assess the attractiveness of specific assets.

At the conclusion of the auction, it is the sole responsibility of the auction winner to arrange payment and schedule pickup/delivery of the asset. The payment received for the auctioned asset is given to the original asset owner, with only a small amount withheld to cover administration of the auction, including marketing of the auction within the organization, preparation of the asset for sale (such as cleaning, minimal repair, photographing), and transfer of ownership papers, licenses and any necessary regulatory filings. A feedback mechanism, similar to that introduced by eBay, allows buyers and sellers to obtain continuous feedback on the process, value, and condition of assets provided by a given seller. Certain stakeholders in the U&D program expressed their desire for this feedback on the quality of the seller’s assets, descriptions, and logistical capabilities.

Donation of surplus property exists in a large number of companies, especially computers and related technology hardware and software. Although good will is a primary consideration with regard to property donation, the tax considerations are often the driving incentive. The only way that the donation process is successful for these companies is that they are able to establish and identify a specific financial value for each surplus property asset.

Found predominantly in private sector asset management lifecycle processes, but equally relevant to the public sector, is the introduction of the concept that used assets have financial value, and are not junk. Placing a value on the asset is one of the most common and effective methods for reducing the perception that “used is junk”.

- *Technology Solution Providers* - During the 1990s, significant technology leadership was applied to the area of asset management. One of the primary motivations for organizations to introduce the new levels of technology to the management of valued assets was the Year 2000 initiatives executed by public and private organizations. Organizations needed to not only understand what assets they had in their portfolio, but also needed to be able to apply a value to the assets in order to aid in the decision of which assets could be retired. These processes started with Information Technology (IT) organizations and assets (predominantly software), but rapidly expanded to real and other personal property assets.

The companies that develop and provide information technology solutions for a specific functional area can provide insight into how a particular process can be enhanced for efficiency and effectiveness. The U&D team reviewed a number of companies and technology solutions, with a focus on the approaches taken by Bid4Assets, Eplus, and Sunflower Systems. Most of the solution providers focus on providing asset management lifecycle solutions for IT organizations with an emphasis on software and computer hardware assets. The leading providers in this area have begun to extend their solutions into the area of non-IT assets.

Software and server hosting solutions from technology solution providers enable the introduction of an “eBay-style” auction as part of the asset management lifecycle process implemented by many organizations.

- *Business Process Solutions and White Papers* - Consistent themes that were introduced by organizations that contribute to the enhancement of the asset management lifecycle included 1) capturing the maximum amount of information about an asset as early in the lifecycle as possible, 2) identifying and applying consistent process steps to a structured asset management lifecycle, and 3) identifying and applying a financial value to assets throughout the lifecycle. The issues surrounding asset value can be difficult to apply consistently. At the state and local government level, use of the Government Accounting Standards Board (GASB) Statement Number 34 has contributed significantly to addressing this issue, and could be extended for use in the U&D Program.

The U&D Study team reviewed material from leading business process solution providers, including industry White Papers and formal conference proceedings, in order to understand how leading organizations were addressing best practices in the asset management lifecycle. A summary of that information is included in the following paragraphs.

“The Do’s and Don’t for Lifecycle Asset Management in Telecom Environments”: A presentation made at the Telestrategies Inventory Management Conference, September 18-19, 2003. Accurate asset inventory data, and subsequently maintaining the quality of that data, monetizing assets, and utilizing an integrated asset management data and work flow were primary messages delivered during the conference. The benefit realized from implementing these topics include increasing the number of assets returned to service, elimination of duplicative purchases, reduction in spare and advance replacement parts, and an integrated management of assets across multiple asset-using groups.

Online Asset Disposition, Finding Value in Surplus Assets: Prepared by AT Kearney, this White Paper focuses on the issue of “asset disposition.” “Recently, the idea of selling idle or obsolete assets ... has grown in popularity as companies recognize the extent of their equipment stockpiles and their potential value.” Two overriding results of the AT Kearney study are that “as much as 70 to 90 percent of every dollar generated by recovering surplus assets goes straight to the bottom line,” and “investment recovery departments save an average of \$8 million a year, with some companies savings as much as \$150 million a year.” Best practice solutions suggested by the study include: 1)

utilize an end-to-end asset management solution, 2) consider a dedicated staff with asset-specific expertise, 3) provide seamless connectivity with consistent data elements, descriptions, and taxonomies, 4) have an Internet presence, 5) ensure a transaction reporting capability, 6) use solution partners that can demonstrate business stability, and 7) ensure that partners earn revenue based on performance, utilizing commissions rather than listing fees.

Boosting Asset productivity: A Call to Action for Telcos: This “Opportunities for action in technology and communications” White Paper was prepared by The Boston Consulting Group. The White Paper focuses on the telecommunication industry, noting “few industries are more asset intensive than telecommunication.” The White Paper notes “asset productivity ... has declined by an average of ten percentage points since 1999, to 30 percent.” This decline is projected to cost about \$10 billion. The White Paper concludes with recommendations and best practices that focus in three key areas: 1) taking an economic view of assets rather than viewing the wide array of assets as abstract property, 2) restructuring around key assets by giving individual managers specific responsibilities for maximizing the performance of particular assets, and 3) revisiting the process for making investment decisions, including being prepared to make investment decisions based on value-creation criteria. “The opportunities for performance gains are significant – and so are the potential rewards. By our estimate, every percentage-point gain in asset productivity could generate 5 to 10 percent in additional value for shareholders.”

Aligning IT Strategy and Investment to Deliver Enterprise Value: Seeing the Forest and the Trees: This Executive White Paper, prepared by the Aberdeen Group, outlines a process for establishing an enterprise value chain. This White Paper examines how past silo approaches to IT investments failed to consider the overall concept of an enterprise value chain for IT assets, and as a result, produced limited benefits. The Aberdeen Group suggests that the problems, solutions and best practices identified for IT investments can easily be applied in other areas of asset management. Emerging trends outlined include working to connect asset planning to business strategy, leveraging existing assets, focusing on “asset ROI,” and ensuring that assets deliver immediate and long-term benefit. The paper concludes with an evaluation of Enterprise Value Creation, a framework component of an asset management lifecycle.

Understanding Federal Asset Management: An Agenda for Reform: Under a grant from the IBM Center for The Business of Government, this Financial Management Series White Paper was prepared by the Center for the Study of American Government at Johns Hopkins University. A summary of the five practices includes 1) The United States Coast Guard’s portfolio approach to acquisition, 2) a portfolio approach to maintenance and operation introduced by the GSA Public Buildings Service, 3) the property cleanup and disposal: remediation of Rocky Flats introduced by the Department of Energy, 4) the Resolution Trust Corporation’s selling loans and real property, and 5) the sales of excess personal property implemented by the Defense Reutilization and Marketing Service.

The study’s author concludes with five asset management recommendations: 1) Reform budget scoring rules, 2) Adopt a portfolio strategy for major federal asset holders, 3) Adopt a life-cycle approach to managing federal assets, 4) Create interagency Working Groups, and 5) Experiment with new lease arrangements.

Managing and Maximizing the Value of Technology Investments: BearingPoint prepared this industry White Paper in order to share information about the effective use of information technology when applied to the asset management lifecycle. The solution helps organizations manage assets more effectively, and as a result be better positioned to reduce costs and implement internal controls over critical assets. This White Paper summarized asset management lifecycle best practices, which include providing total visibility of assets, reducing asset costs and boosting asset productivity, and improving asset performance. A White Paper conclusion that can be considered by the federal government is that “organizations must leverage asset investments by developing integrated strategies to manage those assets better, prolong their use and advance them as the demands of business and the marketplace change.”

The review of asset management lifecycle practices served as a guidepost for analyzing and understanding the current-state U&D process, and helped the FAS team to identify what an enhanced program would look like. The U&D team used the industry practice information as a continuing baseline for assessing the current-state, and as a benchmark for the introduction of continuous process improvement.

The leading asset management organizations consistently apply the following asset management practices that should be considered as a breakthrough opportunity for government to maximize the value of its personal property:

- Automate the end-to-end asset management lifecycle, and capture data in a consistent manner across business / agency lines.
- Maintain accurate and comprehensive automated records of assets that capture purchase information, condition descriptions, maintenance and repair histories, and other relevant information, so that U&D recipients have complete support for acquisition decision-making.

Section 4 - Stakeholder Feedback on Current U&D Process

The FAS U&D team interviewed over thirty³⁶ key stakeholders in the U&D program to discuss the current U&D system and to solicit ideas for possible enhancements. The feedback and ideas expressed by stakeholders in these meetings indicate four areas of inefficiency in the current U&D programs:

1. *Business practices* are hindered by outdated, fragmented and un-enforced regulations.
2. There are insufficient and misaligned *incentives* for program participants.
3. Some users lack sufficient *knowledge and awareness* of U&D policies and procedures.
4. Supporting *information technology systems* within agencies vary widely which creates data-consistency problems, and they often do not support the full asset lifecycle.

Section 4 Key Messages

- Stakeholders identified four root causes of inefficiency in the U&D program:
- Business processes and regulations are fragmented
- Stakeholder's incentives are misaligned
- Program awareness of policies, procedures and training are insufficient
- Agency-level IT systems often do not support management of the full asset lifecycle

A summary of the most common issues raised by stakeholders in each of these areas is presented below. This feedback, and the corresponding enhancement ideas presented in Section 5, served as the basis for the Team's analysis and recommendations to be presented in the December report.

SUMMARY OF PROBLEMS IDENTIFIED BY STAKEHOLDERS

<p>Regulation, Policy and Business Practices</p> <ul style="list-style-type: none"> • Lack of enforcement of U&D Policies. • U&D Policies and regulations are fragmented. • Assets are not valued properly. • Some regulations are outdated. • Lengthy (costly) processes. • Significant staffing shortages. 	<p>Training and Awareness</p> <ul style="list-style-type: none"> • Insufficient knowledge of asset management best practices. • Insufficient training available on U&D policies and procedures. • People's awareness levels of U&D policies and procedures are low. • There is some confusion about the policies and procedures surrounding Special Authorities
<p>Incentives and Change Management</p> <ul style="list-style-type: none"> • Lack of incentives to use U&D program. • Lack of performance metrics to promote U&D compliance. • Perception that used assets are junk. 	<p>Technology / System Improvements</p> <ul style="list-style-type: none"> • No pictures and poor asset descriptions in FEDS/ GSAXcess™. • Lack of customer support/help desk. • Multiple and overlapping IT systems to manage and track assets among agencies.

³⁶ See Section 9 for a list of stakeholder interviews conducted.

Regulation, Policy, and Business Practices

Interviews with stakeholders identified the following issues around the laws and regulations, policies and business practices surrounding the U&D process:

There is a Lack of Authority for Enforcement of U&D Policy/Regulation: The U&D program and special authorities related to disposition of personal property are difficult to enforce. Agencies are responsible for developing their own processes and procedures for complying with the statutory regulations, and each agency may have its own set of special authorities and set of regulations governing its unique commodity set. Moreover, as federal agency field offices become more autonomous, this decentralization has made it more difficult for headquarters staff to track and enforce compliance with U&D procedures. GSA also has no authority to actually enforce the regulations they are charged with policing. As a result, staff in the field can (and oftentimes will) circumvent the system or disregard existing policy.

U&D Policies are Fragmented: The legislation around U&D has become fragmented over time due to the increased number of special authorities granted in support of a range of special-interest groups. Some authorities are unique to individual agencies, and some are applicable across multiple agencies. A similar situation existed in the post WW II era, but was addressed by Congress' implementation of the Property Act of 1949. While these programs provide benefits, they also serve to reduce the quantity of excess and surplus government assets.

Assets in the U&D System are not Accurately Valued: There is no single method to determine the value of assets that are available for utilization, donation or sale within the federal government. The current system only provides OAC as a means of valuing assets, making it difficult to measure the true cost avoidance and quantitative impacts of the U&D program. Furthermore, aggregate data on the assets at the agency levels is not readily available. Agency field offices often exercise independence in managing and tracking their asset disposition information. Such fragmentation in the operations of U&D within agencies makes it difficult to gather accurate information for analysis at the agency or government-wide level.

The U&D Process is Time Consuming and Costly: The cost of reporting and storing used assets is a burden and a low priority for some federal agencies, and this can drive agencies to neglect reporting assets in the U&D system. Current regulations require agencies to give GSA 26 days for the U&D process, and once an asset reaches the sales stage, an additional 65 or more days can pass before GSA informs an agency that the asset was sold. During this process, the agency is responsible for storing the asset and the costs associated with this storage. Storage is a significant challenge for those agencies that lack warehouse space.

There is Insufficient Staff to Manage the Process: Managing and accounting for the disposition of personal property is becoming increasingly difficult across the federal government due to staff and budget cuts. Most property managers in the field are part-time and asset management is not their primary responsibility. Staff turnover and the recurring loss of the skill base is also a challenge faced by agencies.

Training and Awareness

Interviews with stakeholders identified the following issues around training and awareness:

Insufficient Knowledge of Asset Management Best Practices Among Agency Staff:

Many agency personnel do not know how to measure the costs associated with managing and storing assets, nor do they have the required data. This prevents many agencies from making informed asset acquisition and disposition decisions throughout the asset management lifecycle. It also prevents policymakers and others from accurately measuring the cost avoidance or social benefits associated with U&D.

Current Training is Insufficient: There is a lack of certified property managers in most government agencies, and some field staff do not know how to properly complete the forms associated with U&D, or are unaware of U&D policy and procedure. While many U&D training programs are available, they are reported to be limited and not always mandatory. Budget reductions have forced many offices to cut their internal training programs in recent years.

Awareness Levels of U&D Policies and Procedures are Low: This lack of awareness is more prevalent at the federal level (particularly in agency field offices) than at the state level. The low awareness levels are most likely the result of the lack of training available to staff due to budget reductions, the part-time assistance in the field as property managers, and lack of priority assigned to asset management and disposition. If there were stronger enforcement of U&D, it is possible that people would pay more attention to the policies and procedures associated with it.

Confusion About the Policies and Procedures Surrounding Special Authorities: Details on special authorities are not generally available, and this causes some confusion. This confusion results in uneven application of laws and regulations. Better communications explaining these special authorities, and which organization qualify, may help alleviate.

Incentives and Change Management

Interviews identified the following issues related to incentives and change management surrounding U&D:

Lack of Incentives to Participate in the U&D program: The disposition of personal property is a low priority within agencies relative to their core mission(s). Field staffs are not full time property managers and often are over-burdened with other responsibilities that are more important to the agency. In addition, there are no financial incentives to the agency to supply assets into the U&D program. In fact, many stakeholders report that there is a financial disincentive to U&D participation. Agencies incur costs to prepare assets for U&D and ultimately for sale, and they are not reimbursed for these costs (with the exception of transportation costs). As a result, many agencies do not see value in participating in the program. Many agencies (primarily those that supply assets into U&D) have suggested that they be permitted to collect proceeds from re-use at the point after which assets are declared excess. The challenge is that agencies that acquire assets from U&D do not want to pay for the assets they acquire.

Lack of Performance Metrics to Promote U&D Compliance: Few federal agencies have implemented strong performance metrics or other incentives within their agencies to drive U&D compliance internally within their organizations. This is partially due to the lack of mechanisms and authority in place to enforce acquisition or disposition procedures, as well as the difficulty in capturing information from field offices. Some agencies conduct site visits (audits) to field offices to validate the accuracy of their reports, but these visits are costly and have tended to have only short-term efficacy.

People Perceive Used Assets as Junk: There is a perception within the U&D marketplace that unutilized assets are “junk” and this inhibits some agency staff from using the U&D program. The lack of accurate and detailed asset descriptions exacerbates this perception. Overcoming this perception is critical to maximize use of the U&D program.

Technology and System Improvement

Interviews identified the following issues within technology and system improvement:

No Pictures and Incomplete Asset Descriptions in FEDS/ GSAXcess™: Although pictures became available in November 2003, the current FEDS/ GSAXcess™ system does not include complete and accurate asset descriptions. The persons designated to enter this information into the property system are not qualified to make proper judgments on the conditions and descriptions of certain assets. Training could be a useful tool in this regard, and it may be useful for GSA to create a type of taxonomy for descriptions. It may also be helpful to provide a check box in FEDS/ GSAXcess™ to indicate that maintenance records are available from the reporting agency.

Non-consistent IT Systems to Track Assets: Each agency uses a different IT system to track its assets and feed data into FEDS/ GSAXcess™ and this creates wasted resources and inconsistent data feeds into FEDS/ GSAXcess™. This is particularly true for condition codes and asset descriptions. These elements of agency systems could be streamlined and made consistent across agencies. Several agencies (TSA, NASA, etc.) are currently implementing new cradle to grave asset management systems, so this may be an excellent time to address ways to standardize critical data fields in these new asset management systems being implemented.

Section 5 - Enhancement Ideas for Further Analysis

A portfolio of enhancements to address current U&D challenges were identified by stakeholders during meetings conducted between July and October 2003. The enhancements fall under four thematic areas – regulations and business processes, incentives, training and awareness, and IT systems. This section presents these enhancements from most simple to most complex within each of the four themes identified. **Step enhancements** include suggested improvements to *specific tasks* in the U&D program, and are the most limited in scope and complexity. **Component enhancements** include suggested improvements to *components* of the U&D program and are more complex than step enhancements. **Process enhancements** include suggested improvements to entire *processes* of the U&D program and are more complex than component enhancements.

Section 5 Key Messages

- A range of ideas was proposed by stakeholders to enhance U&D
- The team worked with stakeholders over the next three months to:
 - Identify ideas worth further analysis,
 - Determine pros and cons of these ideas in more detail,
 - Prioritize the ideas, and
 - Estimate costs and potential roadblocks for implementation

The FAS team worked with stakeholders in October and November to analyze these ideas in more detail to:

- Identify which enhancements are worth further analysis,
- Determine the pros and cons of those recommended based on some agreed upon selection criteria (e.g. cost, impact, complexity, likelihood of acceptance by stakeholders),
- Prioritize the recommendations, and
- Estimate costs and potential roadblocks for implementation.

These findings form the basis for the final U&D report delivered in December 2003. In this section we present the concepts behind each enhancement, as originally proposed, as well as the outcome of the team's subsequent analysis of these enhancements (e.g. whether the idea was subsequently included or dropped from the recommendations).

Regulations, Policies and Business Practices

Step enhancements include but are not limited to:

- Agency management to enforce excess as first source of supply.
- Require that donors provide donees with more detailed shipping information to minimize transportation costs incurred by SASPs.
- Require that all acquisitions include a disposal plan.

Component enhancements include but are not limited to:

- Exempt federal agencies from third party liability under special authorities such as the Stevenson Wilder Act.
- Create a central registration system where all recipients of special authorities can pre-qualify to avoid placing the burden on agencies.
- Combine U&D and Sales into a single 21-day process.
- Use historical data to segment assets, particularly those assets with no re-use potential, in order to expedite asset flow and to minimize costs to agencies participating in the program.
- Re-circulate assets into U&D that have not been picked up by recipient agencies, instead of sending them directly to Sale. This would provide states another chance to attain the assets.

Process enhancements include but are not limited to:

- Require complete asset descriptions and pictures at the acquisition stage.

Step Enhancements

Agency Management to Enforce Excess as First Course of Supply: Agency property management staff could require that all staff check FEDS/ GSAXcess™ before any new acquisition and verify that a similar used asset is not available. Strong (and tough) agency leadership would be important to ensure such a process works. **DECISION: This is one of our recommended long-term enhancements and is discussed further in Chapter 3.0 Analysis and Recommendations.**

Require Originator of the Asset to Provide Recipient with Better Shipping Information: Transportation costs comprise approximately 25 percent of some state budgets for donation. Often, these expenses could be reduced if recipients of assets were provided better descriptions on asset size and suggested transportation methods by the originator of that asset. **DECISION: This enhancement was dropped after further discussions with stakeholders, given that its impact was deemed insignificant as compared to other issues at hand.**

GSA to Provide Explicit A&D Approvals to Agencies: Although agencies have the authority to abandon property without GSA's approval, some agency staff remain hesitant to make abandonment and destruction decisions for fear of being exposed by the press or public. Certain agencies do not publicly disclose information regarding their scrap yards or unutilized assets for fear of discovery. These agencies suggested that GSA provide them with A&D approval directly (and quickly) as a way to mitigate their

public liability. **DECISION: This enhancement was deemed to be out of the scope of GSA's authority and the responsibility of individual agencies.**

Require that Acquisition Plans Include a Disposal Plan: All new acquisitions should include a disposal plan. This plan should include the approximate time, cost and potential down stream use of the asset, if known. This could improve agencies planning and also create a more robust pipeline of assets for planning and asset management government-wide. **DECISION: This enhancement has been deemed to focus primarily on full life cycle asset management. As such it is still in consideration as a component of the breakthrough recommendation to study and implement a full life cycle asset management program.**

Component Enhancements

Change Laws to Exempt Federal Agencies from Third Party Liability on Donated Assets Under Stevenson Wydler Act: Current environmental laws related to the proper disposition of assets and material hold many agencies liable for the improper use or disposal of donated assets by third party donees under the Stevenson Wydler Act. These liability issues cause many agencies to either opt out of these programs, or force them to spend extra time performing due diligence procedures verifying the eligibility and reputation of potential donees. Agencies would participate more and costs could be reduced if agencies were exempted from such liability. This may require EPA action with regard to re-cycling and other downstream disposal options. **DECISION: This enhancement, while perceived to be of value, is out of the realm of legally feasible enhancements and was thus excluded from our final recommendations. It is recommended that a legal change be investigated and pursued.**

Create a Central Registration System to Pre-Qualify Recipients of Special Authorities: Agencies are currently required to spend their own resources to perform the due diligence to validate recipients under Computers For Learning (CFL) and other special authorities. To save agencies considerable time and to promote their use of the program, a central "special authority pre-registration portal" could be developed consistent with classification codes for non-profit and tax-exempt organizations. **DECISION: This is one of our recommended medium term enhancements and is discussed further in Chapter 3.0 Analysis and Recommendations under the name "Create a central registration system as part of Firstgov that explains all special authorities and where recipients of special authorities can pre-qualify".**

Combine U&D (21 day) and Sales (89 day) into a Single 21 day Process: Many agencies feel that U&D screening times could be further streamlined. One proposal combines U&D and Sales into a single 21-day process (the number of days is subject to change). Under this concept, and similar to GSA Auctions, assets would have pictures and detailed descriptions the day they enter the system so that items are ready for immediate sale. Asset freezing could occur simultaneously among federal, state and external customers, or sequentially, where federal agencies would freeze assets during the first 7 days, states during the next 7 days, and external customers (sale) in the final 7 days. Either way, federal agency would be given first preference, followed by states and their organizations, and consumers third in the freezing process. Federal and state recipients would receive the asset(s) at no cost, outside of transportation and delivery costs. External consumer bids would be based on the highest bidder. After day 21, the assets would open to anyone based on the highest bidder. The system could also

include penalties for those agencies that freeze goods and either did not accept them or fail to pick them up on time. The system could also include historic pricing data to inform users of past prices of similar assets. **DECISION: This enhancement is addressed through the historical data segmentation recommendation, since it deals with the length of the U&D process. It was incorporated into the historic data recommendation because stakeholders felt that the enhancement as proposed was unreasonable due to the time necessary to prepare and sell an item.**

Use historical data to segment assets, particularly those with no re-use history, to expedite asset flow and minimize costs to agencies for participating in the program: Asset histories are not used effectively in the current FEDS/ GSAXcess™ system. If the system could be improved to report which assets have historically not been re-used, which tend to be re-used quickly, and which go to sale, agencies could make more informed asset management decisions, minimize costs, and expedite the flow of assets through the appropriate channels. **DECISION: This is one of our recommended medium term enhancements and is discussed further in Chapter 3.0 Analysis and Recommendations under the name “Use historical data to segment asset-screening times and improve the asset disposal process”.**

Re-circulate assets back into U&D that have not been picked up by recipient agencies, instead of sending them directly to Sale: Assets not picked up by recipient agencies are currently sent directly on to sale, and not returned to U&D. To improve reuse, the system could be altered so that these assets are re-directed back to U&D to allow another chance for re-use or donation. Since this may incur some additional cost for agencies (since storage times could potentially increase) a fee should be charged to the agency that did not pick up the item. **DECISION: While this enhancement is strongly supported by SASPs it is unclear from statistics available how often intended recipients fail to pick up assets and the degree to which this impacts States and other stakeholders. Our recommendation to address this issue is included in our historic data recommendation, and requests that GSA begin to collect this data from agencies and assess the issue in greater detail. If data gathered suggests that this issue warrants further action, GSA/FSS can work with SASPs and agencies to create an agreed upon solution. This could include penalizing agencies that fail to pick up assets, re-circulating assets to the next in line, or other possibilities.**

Process Enhancements

Require Complete Asset Descriptions (and Pictures) at the Acquisition Stage:

Currently, the task of writing descriptions occurs at disposition, when staffs have neither the time nor incentive to input complete information. If the task of writing descriptions were required as part of the acquisition process and these descriptions were updated throughout the asset lifecycle, this would improve the quality of descriptions at disposition since staff would only need to update the listing. If a “grading” system was also applied, similar to eBay, where listing agencies were “graded” on the quality and accuracy of their asset descriptions by asset recipients, this could help to minimize cases where forms are not updated properly. **DECISION: This enhancement has been deemed to focus primarily on full life cycle asset management. As such, it is still in consideration as a component of the breakthrough recommendation to study and implement a full life cycle asset management program.**

Ideas for Enhancement: Training and Awareness

Step enhancements include but are not limited to:

- Implement a countrywide U&D awareness campaign.
- Raise awareness of current Abandonment and Destruction procedures, and streamline policies if needed.
- Publish brochures and other bulletins to raise awareness and reduce confusion about special authorities.
- Publish U&D success stories to promote visibility and begin campaign to eliminate perception that assets are junk.

Component enhancements include but are not limited to:

- Make more training courses available to agency and SASP staff – specific training for specific responsibilities.
- Mandate that personal property managers receive corresponding levels of training for certain personnel grade levels.

Process Enhancements include but are not limited to:

- Leverage Know-Net

Step Enhancements

Implement a Countrywide U&D Awareness Campaign: Stakeholders recommended that GSA launch an awareness building campaign to promote user's understanding of programs available and to encourage participation in the U&D programs. An easy first step could be a letter drafted by FAS, submitted to OMB, and sent to Contracting Officers and Program Managers encouraging the federal community to comply with "Excess is the First Source of Supply" and to encourage participation in the U&D program. Information on special authorities could also be posted on websites and communicated in letters to key stakeholders.

As part of this campaign, it was also suggested to:

- *Raise awareness of current A&D procedures and streamline A&D policies if needed:* Many agency staff are unfamiliar with current A&D procedures and this leads them to prolong A&D decisions, which costs time and money. An A&D awareness campaign targeted at federal agency may help to provide clarity and make the process more efficient.
- *Publish Brochures, Monthly Bulletins and other Communications to Raise Awareness of Special Authorities:* There is some confusion among federal agencies and recipients of these programs. A targeted communications campaign explaining the eligibility and rules associated with special authorities may help to reduce the uncertainty.

- *Issue U&D Success Stories and Press Releases:* This could help promote visibility of the U&D program to drive usage and overcome the perception that used assets are junk.

DECISION: This is one of our recommended short-term enhancements and is discussed further in Chapter 3.0 Analysis and Recommendations.

Component Enhancements

Make More Courses Available to Agency and SASP Staff to Increase the Number of “Certified Asset Managers” within Government: Stakeholders report shortages of certified property managers within federal agencies, particularly within field offices. Many agencies have cut their own internal training in recent years due to budget constraints, and recent staffing shortages make it difficult for offices to send staff to training for extended periods. GSA could offer government staff certification courses, and/or a range of on-line distance learning courses. These training certifications could be honored throughout the Federal community. **DECISION:** This has become part of one of our recommended short term enhancements entitled “ *Leverage Know.Net or a similar system to build a training curriculum*” and is discussed further in Chapter 3.0 Analysis and Recommendations.

Mandate that Specific Grade Structures Have Corresponding Levels of Personal Property Training: Mandating such training could serve as an incentives for people to attend. Certain grade structures could have corresponding levels of property training, and these certificates could be honored throughout the Federal community. **DECISION:** This has become part of one of our recommended long term enhancements entitled “ *Tie full-time property management positions to pre-specified training amounts*” and is discussed further in Chapter 3.0 Analysis and Recommendations.

Process Enhancements

Implement a Government-wide Training Curriculum: This could include a government-wide training plan based on the Know.net format at HHS providing tailored training for specific property management responsibilities and a detailed list of certification requirements commensurate with a position and the associated property management responsibility. **DECISION:** This has become part of one of our recommended short term enhancements entitled “ *Leverage Know.net or a similar system to build a training curriculum*” and is discussed further in Chapter 3.0 Analysis and Recommendations.

Ideas for Enhancement: Incentives and Change Management

Step enhancements include but are not limited to:

- GSA to publish monthly U&D performance reports that ranks agency's U&D performance.

Component enhancements include but are not limited to:

- Agencies to apply management techniques to measure, manage, and guide U&D performance.
- Create a U&D "frequent flyer" program to provide heavy users of the U&D program priority access to U&D assets (use levels would be normalized across agencies).

Process enhancements include but are not limited to:

- Charge a "reserve price" based on costs incurred for used and donated assets to be paid by the acquiring organization/agency to the listing agent. This would serve as an incentive for agencies to place assets into the system, and would contribute towards the sustainability of the program.
- Charge a standard "transaction fee" for used and donated assets to be paid by the acquiring organization/agency to the listing agent. This would also serve as an incentive for agencies to place assets into the system, and would contribute towards the sustainability of the program.
- Charge a "membership fee" to all users for access to used and donated assets. Such a fee would be normalized across users (heavy users would pay more) and would contribute towards the sustainability of the program.
- Separate Utilization and Donation into two separate programs, and apply a "reserve price" or "transaction fee" to Utilization process and leave the Donation process untouched (e.g. do not charge any additional fee(s) to states).

Step Enhancements

GSA to Publish Monthly Performance Reports on Agency U&D Performance: As a way to publicize agency U&D performance and promote agency use of U&D, GSA could publish monthly performance reports that rank agency's U&D performance similar to the current e-Gov ratings of green, yellow or red. **DECISION: Stakeholders expressed concern about public reporting of performance by GSA, but much of this enhancement is contained in part of our recommended long term enhancements entitled "Implementation of Agency metrics and Internal Agency Reporting" and is discussed further in Chapter 3.0 Analysis and Recommendations.**

Component Enhancements

Agencies to Apply Management Techniques to Measure, Manage and Guide Agency Staff U&D Performance: A management tool that grades and rewards staff according to established U&D performance goals could provide sufficient incentives for staff to use the U&D system and ensure compliance with processes and methods related to U&D.

This could be similar to the government-wide performance reports noted above, using color ratings, but would be specific to each agency. Detailed U&D handbooks should also be used to provide to operations officers in the field detailed descriptions of required procedures. **DECISION: This has become part of a recommended short term enhancements entitled “Implementation of Agency metrics and Internal Agency Reporting” and is discussed further in Chapter 3.0 Analysis and Recommendations.**

Create a U&D “frequent flyer” program to provide heavy users of the U&D program priority access to U&D assets: Federal agencies could receive credits similar to a “frequent flyer” program each time they fed assets into U&D and/or acquired assets from U&D (usage levels would be normalized across agencies to equalize agency size). Agencies could then be ranked according to their credit amounts, and given priority access to assets in the U&D system, thus creating a ranked agency structure within the Utilization phase. This could serve as an incentive for agencies to use the system more. **DECISION: This enhancement was dropped due to concerns that the incentives are misaligned and may encouraged agencies to misuse the U&D program.**

Process Enhancements

Charge a “Reserve Price” for Used and Donated Assets to be Paid by the Acquiring Agency: As an incentive for agencies to list assets in U&D, each asset could be assigned a “reserve price” that would serve as the minimum fee that must be paid by an acquiring agent for that asset. The fee would cover the costs incurred by the listing agent to track, warehouse, and ultimately ship the asset to the recipient. If the asset goes on to sale this “reserve price” would serve as the minimum price in the bidding process. While paying such a “reserve price” would mean greater costs for asset recipients such as state donees and agencies, the proceeds gained could entice agencies to clear out their stockpiles and put more assets into the system. As a result, states and other recipients could incur a net benefit: the increased number of goods they receive would outweigh the increased marginal cost of each asset, and this would result in savings obtained over time. **DECISION: This enhancement was dropped due to the legal constraints (e.g. statutory issues) surrounding fee-based services in the U&D program, and the disruption it would cause to the socio-economic balance of the program.**

Charge a “Transaction Fee” for Used and Donated Assets to be Paid by the Acquiring Agency: As opposed to the “reserve price” described above, which is based on the costs incurred for that particular asset, the “transaction fee” would serve as a flat fee applied to all assets that go through the FEDS/ GSAXcess™ -like system, and would be paid to the listing agent by the acquiring agent. The list agent would keep a portion of these proceeds to cover the costs incurred listing and tracking the asset, and would pay another portion towards an annual “listing fee” to the organization managing the system for standard improvements and upkeep required. The listing fee charged would depend on how much they use the system, e.g., heavy users of the system would pay more than those who do not use the system often. **DECISION: This enhancement was dropped due to the legal constraints (e.g. statutory issues) surrounding fee-based services in the U&D program, and the disruption it would cause to the socio-economic balance of the program.**

Charge an annual “membership fee” to all users for access to used and donated assets: This could be a set fee for all agencies, the amount to be normalized across users (e.g., heavy users would pay more), and would contribute towards the sustainability of the program. **DECISION: This enhancement was dropped due to the legal constraints (e.g. statutory issues) surrounding fee-based services in the U&D program, and the disruption it would cause to the socio-economic balance of the program.**

Separate Utilization and Donation into two separate programs: apply a “reserve price” or “transaction fee” to the Utilization process and leave the Donation process unchanged: If current regulations prohibit imposing fees or charges for donated assets, the government may want to consider only charging fees to the Utilization program for system upgrades, and leaving the Donation unchanged, with no fees. Participants in the Utilization program would have access to the improved system, while states under the Donation program would only have access to the existing system. They could self-select into the new system, by participating in the upgrade fees, but this could be their choice. **DECISION: This enhancement was dropped due to the legal constraints (e.g. statutory issues) surrounding fee-based services in the U&D program, and the disruption it would cause to the socio-economic balance of the program.**

Ideas for Enhancement: Technology and Systems Improvements

Step enhancements include but are not limited to:

- Revise FEDS/ GSAXcess™ to include pictures (Implemented in November, 2003).
- Require more consistent and complete condition codes and descriptions in FEDS/ GSAXcess™.
- Create a system where agencies can submit “want lists” into FEDS/ GSAXcess™ and receive automatic updates when their desired assets are posted.
- Add a feedback rating system to FEDS/ GSAXcess™ similar to eBay.

Component enhancements include but are not limited to:

- Require use of Unique Identification Codes for all new acquisitions.

Process enhancements include but are not limited to:

- Promote consistency among ‘cradle to grave’ asset management systems currently being implemented by federal agencies.
- Create drop down menus in FEDS/ GSAXcess™ (and within agency-specific asset tracking systems) to promote consistent asset descriptions and product codes.

Step Enhancements

Revise FEDS/ GSAXcess™ to Include Pictures: Including pictures in FEDS/GSAXcess™ is a common suggestion by many stakeholders to gain better and more accurate information about available assets. (FEDS/ GSAXcess™ is able to display pictures through GSAXcess™ as of November 3, 2003.) **DECISION: This**

enhancement was dropped since the implementation of GSAXcess™ and the ability to post pictures has already begun.

Add Feedback Ratings to FEDS/ GSAXcess™, Similar to eBay: One way to improve the system and add incentives around the U&D process would be to add feedback mechanisms in FEDS/ GSAXcess™ that allows acquiring agents to provide feedback on the quality of service and asset description provided by the listing agent. Such a threat of public criticism could serve as an incentive for some agencies to provide more accurate asset descriptions. **DECISION: This enhancement was dropped due to concerns that it would serve as more of a punishment than a positive reinforcement and could easily be manipulated.**

Create a System Where Agencies Can Submit “Want Lists” to FEDS/ GSAXcess™: Such a system could be used by FEDS/ GSAXcess™ to automatically match agency needs with items that have become available and provide them with immediate updates on these available assets. This would save agencies significant time and no longer require agency staff to spend time searching the system for the assets they need. This could also potentially increase procurement avoidance and promote faster asset flow. **DECISION: This is one of our short-term recommended enhancements and is discussed further in Chapter 3.0 Analysis and Recommendations.**

Component Enhancements

Require Unique Identification (UID) Codes for all New Acquisitions: The application of UIDs and related technologies would address many of the current challenges of the system that revolve around the lack of consistent, complete and accurate asset information, particularly for those trying to acquire used assets. It would also better tie disposal to the acquisition stage, and improve asset management across government more generally. The Department of Defense is leading the charge in the application of UIDs and the Property Management Executive Council (PMEC) is advocating the concept as well. However, PMEC needs to go further and determine how the application can be expanded across the personal property space. Radio Frequency Identification (RFID) is a related technology that can be applied effectively to address these issues, and something with which PMEC should get more involved. As a first step, GSA should work with others to get these issues out in front of the community through white papers and by using leading government sponsors to advocate the change. **DECISION: This enhancement has been deemed to focus primarily on full life cycle asset management. As such, it is still in consideration as a component of the breakthrough recommendation to study and implement a full life cycle asset management program.**

Process Enhancements

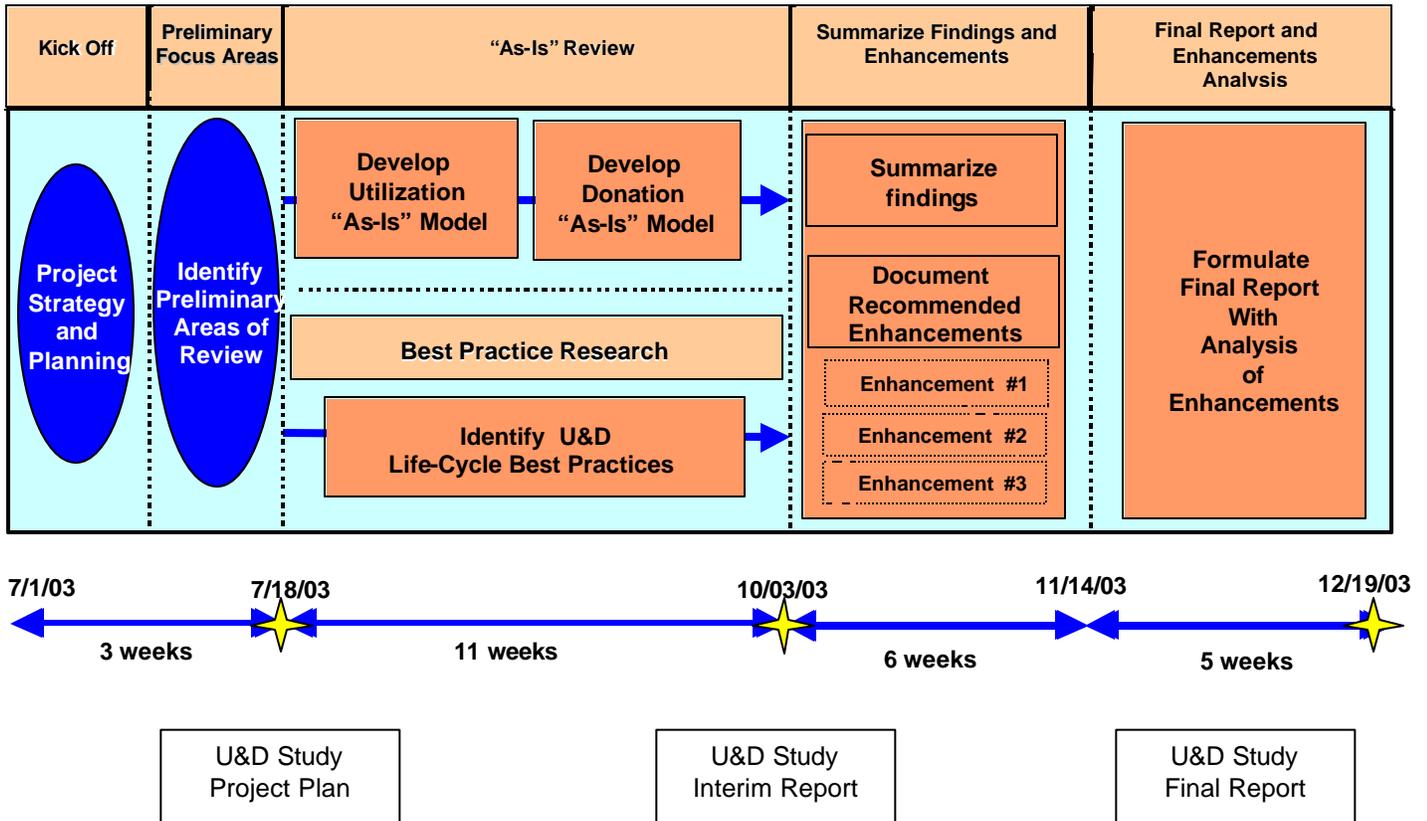
Promote Consistency in Application of Asset Management Systems: Several Federal agencies are currently in the process of applying agency-wide “cradle to grave” asset management systems such as Sunflower, SAP and others. The application of such systems should provide more centralized data management and synchronization, and ultimately lead to more assets entering the U&D system. The challenge is to maintain some level of consistency data elements so that data can be fed easily into a central system. While “one system” may not be appropriate or realistic, GSA can make efforts that ensure that the systems chosen by each agency are compatible and data

can be fed easily into a central system like FEDS/ GSAXcess™. **DECISION: This enhancement has been deemed to focus primarily on full life cycle asset management. As such, it is still in consideration as a component of the breakthrough recommendation to study and implement a full life cycle asset management program.**

Promote Consistent Asset Descriptions (Using Drop Down Menus) and Product Codes Across Agencies: Across federal agencies, descriptions and product codes are non-existent or non-standardized leading to incompatible asset data being shared between agencies, donation recipients, and the buying public. As agencies adopt new systems, as noted above, or as they revise their current systems, it is important that GSA mandate some standard in regards to drop down menus (descriptions) and product codes. At the very least, all agencies should be required to use the same product and condition codes, and similar drop down menus for descriptions and asset histories. This information should be required at acquisition to ensure that at disposal information can be fed into a central system easily. **DECISION: This enhancement has been deemed unreasonable due to the large variety of possible drop down results being more than can be realistically represented.**

Section 6 - Study Methodology

A structured framework was applied to conduct the U&D Study activities. A graphical representation of the approach applied is shown below. The FAS U&D team examined agency and GSA IT systems, business processes, U&D policies, and personnel requirements as part of a current state environment.



The major activities of the U&D Study methodology are identified below:

1. Conduct U&D Strategic Planning
2. Identify Preliminary Focus Areas
3. Conduct U&D Program As-Is Review
4. Identify Asset Management Lifecycle Best Practices
5. Summarize Findings and Analyze Possible Enhancements
6. Submit Final U&D Study Report

Each project activity included as part of the review methodology is summarized below.

U&D Study Planning and Strategy

During the early phase of the project, the FAS U&D team worked closely with GSA team members to define the objectives of the study and to develop an execution strategy that included development of the project plan and identification of the strategic drivers of the

project. As part of this effort, the FAS U&D team worked closely with the FAS Project Management Office (PMO) to ensure that the project plan, the objectives and the drivers were in alignment with the work already being performed for the FAS Initiative.

Identification of Preliminary Focus Areas

The FAS U&D team worked with GSA team members to identify stakeholders with expertise and experience using U&D programs. The FAS U&D team also worked with GSA team members to identify three primary review areas on which the study would focus that identify opportunities to enhance and complement the various U&D programs. The three focus areas identified included Regulatory issues, Methods and Process, and Technology.

U&D Program As-Is Review

Information-gathering sessions were conducted with representatives from various stakeholder domains to support development of the “As-Is” process models. The sessions included interviews, on-site observations, and sample documentation reviews related to the three focus areas. The information-gathering sessions were designed to identify opportunities for enhancements to the U&D program. The “As Is” process models, and the results of the information-gathering sessions are included in Section 1 of this report.

Identification of Asset Management Lifecycle Best Practices

The FAS U&D team examined a group of leading United States-based companies and foreign national governments to identify best practices for asset management lifecycle processes. The Study team also identified technology, and systems and application providers who provide enabling solutions for asset management.

Introduction

The major activities of the review methodology are identified as follows:

1. Kick Off
2. Identification of Preliminary Focus Areas
3. As-Is Review
4. Identification of Asset Management Lifecycle Best Practices
5. Summarize Findings and Enhancements
6. Final U&D Study Report

Each project activity is briefly summarized below.

Kick Off

During the Kick Off phase of the project, the FAS U&D team worked closely with GSA team Members to define the objectives of the study and to develop an execution strategy that included development of the project plan and identification of the strategic drivers of the project. As part of this effort, the FAS U&D team worked closely with the Federal Asset Sales Project Management Office (FAS PMO) to ensure that the project plan, the objectives and the drivers were in alignment with the work already being performed for

the FAS Project. The results of this effort can be found in the *GSA Federal Asset Sales Personal Property Utilization and Donation Study Project Plan* dated July 17, 2003.

Identification of Preliminary Focus Areas

The FAS U&D team worked with GSA team members to identify stakeholder domains that included groupings of various organizations who have various expertise and experiences using the U&D programs. A description of each identified stakeholder domain is as follows:

GSA

The GSA domain includes those stakeholders that are responsible for implementing and managing the U&D programs. Identified stakeholders include:

- GSA Federal Supply Service - Personal Property Operations
- GSA Office of Governmentwide Policy - Personal Property Policy

Other Federal Agencies

The Other Federal domain includes those stakeholders that participate in activities related to the transfer, disposal, and acquisition of personal property using the U&D programs. Identified stakeholders include:

- Federal Agencies (stakeholders interviewed identified in Section 9)
- Users and Screeners Association - Federal Excess Personal Property (USA-FEPP)
- Defense Reutilization and Marketing Service (DRMS) – Largest Contributor of Personal Property to the Program

State

The State domain includes those stakeholders that participate in activities related to the donation of personal property to the State Agencies for Surplus Property (SASP). Identified stakeholders include:

- National Association of State Agencies for Surplus Property (NASASP)
- Representatives from various State Agencies for Surplus Property

Other

The Other domain includes those stakeholders that directly benefit from the donation of personal property managed by the SASPs. Identified stakeholders include:

- Representative state surplus program donees

Additionally, the FAS U&D team worked with GSA team members to identify three areas of review where opportunities may exist to enhance and complement the U&D program. The three areas include:

Regulatory: The regulatory review area included reviewing knowledge and information related to various laws, regulations and policies that are directly applicable or affect the organization, management, and execution of the U&D programs. Discussion topics with stakeholders included:

- Whether sufficient enforcement of agency compliance existed with U&D
- Whether sufficient is training available to familiarize users with the applicable regulations
- The impact of special programs such as Computers for Learning and LESO

Methods/Processes: The Methods/Processes review area included reviewing knowledge and information related to the everyday activities/processes that are performed to support the U&D programs. Discussion topics with stakeholders identified included:

- Whether current methods and processes address user needs
- Whether current programs provide for the efficient and effective disposal of Personal Property
- Whether screening time frames could be further streamlined
- Whether they preferred Exchange Sale or U&D programs

Technology: The Technology review area included reviewing the knowledge and information related to the use of information systems to support the activities that are performed to support the U&D programs. Discussion topics with stakeholders included:

- The internal technology upgrades they are you planning in the area of managing used personal property
- Suggestions on how to encourage agencies to provide more accurate, complete, and timely information and data
- The feasibility of a common interface and/or information-sharing system for the management of excess or surplus personal property among different federal agencies
- Whether they provide training in the use of information system.

Together these stakeholder groups and the review areas were used as the framework for our information gathering sessions.

As-Is Review

The “As-Is” Review included both development of “As-Is” process models for U&D programs and identification of U&D Lifecycle Best Practices. Each activity is discussed below:

“As-Is” Process Models

Development of the “As-Is” Process Models included conducting information-gathering sessions with representatives from various stakeholder domains to discuss the above noted objective. These sessions included work session interviews, on-site observations, and sample documentation reviews related to the identified review areas of Regulatory, Methods/Process, and Technology. These sessions were held with identified representatives from various stakeholder domains as noted in the information-gathering framework below.

Information Gathering Framework

Review Areas	Stakeholder Domains			
	GSA	Other Federal	State	Other
Regulatory				
Methods/Process				
Technology				

These information-gathering sessions were designed to identify opportunities for enhancements to the U&D programs. As part of this effort, the enhancements focused on improvements that increase the efficiency and effectiveness of the programs. For this study, efficiency and effectiveness can be described as follows:

Efficiency: Is the process being conducted in accordance with pre-defined expectations of time, cost and service?

Effectiveness: Is the process delivering what the government wants? Is what is being delivered providing value?

The “As Is” Process Models and the results of our information-gathering sessions are included in Section 1 of this report.

Identification of Asset Management Lifecycle Best Practices

The FAS U&D team examined a group of leading United States-based companies and national governments to identify best practices for asset management, utilization and

donation. The Study team also identified technology, and systems and application providers who were found to provide enabling solutions for the asset management.

During this portion of the U&D Study, several national governments and companies were contacted to obtain a summary of the key components of their asset management processes. Several asset management subject matter specialists were contacted to obtain their perspectives on asset management lifecycle best practices. In addition, more than 20 technology providers were contacted to obtain information about current enabling technology to enhance existing asset management lifecycle processes. The results of the Industry Practices research are included in Section 3 of this report.

Summarize Findings and Enhancements

This set of activities will be conducted during October and November 2003. For this phase, the FAS U&D team will work with participating members of the above mentioned stakeholder domains to further define the opportunities for enhancements to the U&D programs. As part of this effort, the enhancements will focus on improvements that increase the efficiency and effectiveness of the programs.

As part of this effort, the U&D team will analyze the possible enhancements based on various criteria that include program impact, financial impact, ease of implementation, and overall support of the U&D program. This analysis will help to prioritize the opportunities and will be used to develop the final defined opportunities to be included in the Final U&D Study Report.

Final U&D Study Report

This activity will be completed in December 2003. The FAS U&D team will prepare a Final Report that will include the results of the study and defined prioritized opportunities for enhancement to the U&D programs. This report will encompass all of the results of the activities noted above.

Section 7 - Glossary of Terms

Abandonment – disposing of an asset by leaving it where it lies (particularly in a foreign country) and publicly renouncing the rights to the asset

Acquire - procure or otherwise obtain personal property, including by lease

Acquisition - purchase of an asset by a Federal agency

Area Property Officer (APO) - provides a service by screening and inspecting excess personal property as well as assisting in the donation and sales processes

Area Utilization Officer (AUO) - former title of the APO's before the sales processes were added to their responsibilities

Cannibalization - remove serviceable parts from one item of equipment in order to install them on another item of equipment

Combat Material - arms, ammunition, and implements of war listed in the U.S. munitions list (22 CFR part 121)

Commerce Control List Items (CCLI) - dual use (commercial/military) items that are subject to export control by the Bureau of Export Administration, Department of Commerce; these items have been identified in the U.S. Export Administration Regulations (15 CFR part 774) as export controlled for reasons of national security, crime control, technology transfer and scarcity of materials

Cooperative - organization or entity that has a cooperative agreement with a Federal agency

Cooperative Agreement - legal instrument reflecting a relationship between a Federal agency and a non-Federal recipient, made in accordance with the Federal Grant and Cooperative Agreement Act of 1977 (31 U.S.C. 6301-6308), under any or all of the following circumstances:

1. The purpose of the relationship is the transfer, between a Federal agency and a non-Federal entity, of money, property, services, or anything of value to accomplish a public purpose authorized by law, rather than by purchase, lease, or barter, for the direct benefit or use of the Federal Government
2. Substantial involvement is anticipated between the Federal agency and the cooperative during the performance of the agreed upon activity
3. The cooperative is a State or local government entity or any person or organization authorized to receive Federal assistance or procurement contracts

Demilitarization - defined by the Department of Defense, the act of destroying the military capabilities inherent in certain types of equipment or material; such destruction may include deep sea dumping, mutilation, cutting, crushing, scrapping, melting, burning, or alteration so as to prevent the further use of the item for its originally intended purpose

Destruction - disposal of an asset by throwing it away, or destroying it in some other means, such as incineration

Donation - this is the transfer of surplus property to non-federal governmental agencies and non-profit organizations

Donee - any of the following entities that receive Federal surplus personal property through a SASP:

1. Service Educational Activity (SEA)
2. Public agency that uses surplus personal property to carry out or promote one or more public purposes; public airports are an exception and are only considered donees when they elect to receive surplus property through a SASP, but not when they elect to receive surplus property through the Federal Aviation Administration
3. Eligible nonprofit tax-exempt educational or public health institution (including a provider of assistance to homeless or impoverished families or individuals)
4. State or local government agency, or a nonprofit organization or institution, that receives funds appropriated for a program for older individuals

Excess Personal Property - personal property under the control of any Federal agency that is no longer required for that agency's needs, as determined by the agency head or designee

Exchange - replace personal property by trade or trade-in with the supplier of the replacement property

Exchange/Sale - exchange or sell if non-excess, non-surplus personal property and apply the exchange allowance or proceeds of sale in whole or in part payment for the acquisition of similar property

Exchange/Sale Property - property not excess to the needs of the holding agency but eligible for replacement, which is exchanged or sold under the provisions of part 102-38 in order to apply the exchange allowance or proceeds of sale in whole or part payment for replacement with a similar item

Fair Market Value - best estimate of the gross sales proceeds if the property were to be sold in a public sale

Federal Supply Classification - A four digit number used to identify a class of asset, where the first two number identify the "group" of assets, and the second two numbers identify a "sub-group"

Federal Supply Service - An office within GSA that facilitates property acquisition and disposition

Flat File Transfer - the transfer of an electronic file containing records that have no structured relationship

Flight Safety Critical Aircraft Part (FSCAP) - aircraft part, assembly, or installation containing a critical characteristic whose failure, malfunction, or absence could cause a

catastrophic failure resulting in engine shut-down or loss or serious damage to the aircraft resulting in an unsafe condition

Foreign Excess Personal Property - U.S. owned excess personal property located outside the United States, the Virgin Islands, American Samoa, Guam, the Commonwealth of Puerto Rico, and the Commonwealth of the Northern Mariana Islands

Grant - assistance award and a legal instrument that permits a Federal agency to transfer money, property, services or other things of value to a grantee when no substantial involvement is anticipated between the agency and the recipient during the performance of the contemplated activity

Hazardous Personal Property - property that is deemed a hazardous material, chemical substance or mixture, or hazardous waste under the Hazardous Materials Transportation Act (HMTA) (49 U.S.C. 5101), the Resource Conservation and Recovery Act (RCRA) (42 U.S.C. 6901-6981), or the Toxic Substances Control Act (TSCA) (15 U.S.C. 2601-2609)

Historic Item - property having added value for display purposes because its historical significance is greater than its fair market value for continued use; items that are commonly available and remain in use for their intended purpose, such as military aircraft still in use by active or reserve units, are not historic items

Holding Agency - Federal agency having accountability for, and generally possession of, the property involved

Intangible Personal Property - personal property in which the existence and value of the property is generally represented by a descriptive document rather than the property itself. Some examples are patents, patent rights, processes, techniques, inventions, copyrights, negotiable instruments, money orders, bonds, and shares of stock

Line Item - single line entry, on a reporting form or transfer order, for items of property of the same type having the same description, condition code, and unit cost

Munitions List Items (MALI) - commodities, usually defense articles/defense services, listed in the International Traffic in Arms Regulation (22 CFR part 121), published by the Department of State

Nonappropriated Fund Activity - activity or entity that is not funded by money appropriated from the general fund of the U.S. Treasury, such as post exchanges, ship stores, military officers' clubs, veterans' canteens, and similar activities; such property is not Federal property

National Utilization Officer (NUO) - represent Federal agencies and provide approval for user accessibility to the Federal Disposal System (FEDS/ GSAXcess™)

Original Acquisition Cost - The cost of an item at the time of original procurement. Is currently used to track the value of the asset as it moves through the Federal asset lifecycle.

Period of Restriction - period of time for keeping donated property in use for the purpose for which it was donated

Personal Property - any property, except real property: the term excludes records of the Federal Government, and naval vessels of the following categories: battleships, cruisers, aircraft carriers, destroyers, and submarines

Personal Property Center (PPC) - warehouse space rented by the GSA or a state authorized center, for the storage of property while it is going through the U&D and Sales processes

Property Act - Federal Property and Administrative Services Act of 1949 (63 Stat. 377 and 386), as amended (codified as amended in scattered sections of titles 40 and 41 of the United States Code), the law that centralized Federal property management and disposal functions under the GSA

Public Agency - any State, political subdivision thereof, including any unit of local government or economic development district; any department, agency, or instrumentality thereof, including instrumentalities created by compact or other agreement between States or political subdivisions; multijurisdictional sub state districts established by or pursuant to State law; or any Indian tribe, band, group, pueblo, or community located on a State reservation

Related Personal Property - personal property that is an integral part of real property. It is:

1. Related to, designed for, or specifically adapted to the functional capacity of the real property and removal of this personal property would significantly diminish the economic value of the real property
2. Determined by the Administrator of General Services to be related to the real property

Replacement - process of acquiring property to be used in place of property that is still needed but:

1. No longer adequately performs the tasks for which it is used
 2. Does not meet the agency's need as well as the property to be acquired
- Similar means where the acquired item and replaced item:
- Are identical
 - Are designed and constructed for the same purpose
 - Constitute parts or containers for identical or similar end items
 - Fall within a single Federal Supply Classification (FSC) group of property that is eligible for handling under the exchange/sale authority

Salvage - property that has value greater than its basic material content but for which repair or rehabilitation is clearly impractical and/or uneconomical

State Agency for Surplus Property (SASP) - agency designated under State law to receive Federal surplus personal property for distribution to eligible donees within the State as provided for in subsection 203(j) of the Property Act (40 U.S.C. 484(j))

Scrap - property that has no value except for its basic material content

Screening - process of physically inspecting property or reviewing lists or reports of property to determine whether property is usable or needed for donation purposes

Screening Period - period in which excess and surplus personal property are made available for excess transfer or surplus donation to eligible recipients

Shelf-life Item - any item that deteriorates over time or has unstable characteristics such that a storage period must be assigned to assure the item is issued within that period to provide satisfactory performance; management of such items is governed by part 101-27, subpart 27.2, of this title and by DOD instructions, for executive agencies and DOD respectively

Stakeholder - parties that have an interest, financial or otherwise in the U&D process, to include GSA, Federal Agencies, SASPs, Taxpayers, and Non-Profit and Special Interest Groups

State - one of the 50 States, the District of Columbia, the U.S. Virgin Islands, Guam, American Samoa, the Commonwealth of Puerto Rico, and the Commonwealth of the Northern Mariana Islands

Surplus Personal Property (Surplus Property) - excess personal property not required for the needs of any Federal agency, as determined by GSA

Surplus Release Date - date on which Federal utilization screening of excess personal property has been completed, and the property is available for donation

Transferee - a public airport receiving surplus property from a holding agency through the Federal Aviation Administration, or a SASP

Transfer With Reimbursement - transfer of excess personal property between Federal agencies where the recipient is required to pay, i.e. reimburse the holding agency, for the property

Unit Cost - original acquisition cost of a single item of property

Use - utilization of an asset by the purchasing agency until it is no longer needed.

Utilization - also known as "excess," this is the process of identifying, processing, reporting, and transfer of excess assets among federal agencies

Value Added Services - services provided by a separate third party operator to enhance the value of property being disposed

Vessels - ships, boats and craft designed for navigation in and on the water, propelled by oars or paddles, sail or power

Section 8 - List of Acronyms

AMS - Asset Management System

AAMS - Agency Asset Management System

A&D - Abandonment & Destruction

ADMS - Asset Disposition Management System

APO - Area Property Officer

BLM - Bureau of Land Management

CAP - Civil Air Patrol

CFL - Computers For Learning

CCLI - Commerce Control List Items

DAISY - Defense Reutilization and Marketing Service Automated Information System

DCMA - Defense Contractors Management Agency

DHS - Department of Homeland Security

DoC - Department of Commerce

DoD - Department of Defense

DoE - Department of Energy

DoI - Department of the Interior

DoJ - Department of Justice

DoT - Department of Transportation

DRMO - Defense Reutilization & Marketing Office

DRMS - Defense Reutilization & Marketing Service

EADS - Energy Asset Disposal System

EMS - Excess Management System

FAS - Federal Asset Sales

FEDS - Federal Disposal System

FFT - Flat File Transfer

FMR - Federal Management Regulation

FMS - Foreign Military Sales

FPMR - Federal Property Management Regulation

FSC - Federal Supply Classification

FSCAP - Flight Safety Critical Aircraft Part

FSS - Federal Supply Service

FTP - File Transfer Protocol

GAO - General Accounting Office

GSA - General Services Administration

HAP - Humanitarian Assistance Program

HHS - Health and Human Services

ICPM - Interagency Committee on Property Management

IT - Information Technology

LESO - Law Enforcement Support Office

MARS - Military Affiliate Radio Service

MLI - Munitions List Items

MWRA - Morale, Welfare, Recreation Activities/Services

MIDAS - Management Information Distribution and Access System

NASA - National Aeronautics and Space Administration

NIST - National Institute of Standards and Technology

NPDMS - NASA Property Disposal Management System

NUO - National Utilization Officer

OAC - Original Acquisition Cost

OGP - Office of Governmentwide Policy

OMB - Office of Management and Budget

PCARRS - Plant Clearance Automated Reutilization Screening System

PLCO - Plant Clearance Officer

PMEC - Property Management Executive Council

PMO - Program Management Office

PPC - Personal Property Center

PROP - Personal Property System

ROTC - Reserve Officers Training Corps

SASP - State Agency for Surplus Property

SAVES - Screening Available Exchange Sale

SF - Standard Form

SRD - Surplus Release Date

TA - Technology Administration

TSA - Transportation Security Administration

U&D - Utilization and Donation

UID - Unique Identification

UNSPSC - United Nations Standard Products and Services Code

USAFEPP - Users & Screeners Association for Federal Excess Personal Property

USDA - United States Department of Agriculture

USFS - United States Forest Service

VA - Department of Veterans Affairs

VAS - Value Added Services

Section 9 - Information Technology Systems

System Name: Federal Disposal System (FEDS)³⁷

Agency: GSA

Description:

FEDS is an electronic system used for recording, tracking and controlling the nationwide inventory of federal excess, surplus and exchange/sale property. The Federal Disposal System (FEDS) maintains records of all excess and surplus property reported to GSA. GSA uses FEDS to track the progress of the property as it moves from the redistribution or excess stage of disposal to the surplus or donation stage.

FEDS provides agencies a means of electronically reporting their unrequired personal property to GSA. FEDS is also used as a source of supply by customers seeking property that has been reported, and is available for transfer. Agencies may search GSA's inventory through a process known as "screening", and they may select property for transfer by "freezing" specific items. The property system is available to three groups of users: (1) Federal agencies, (2) authorized non-Federal recipients, and (3) surplus customers.

GSA personnel, acting as a broker, use FEDS to review requests for the property and to allocate the property to qualified federal, state, or other organizations. After allocation, FEDS creates the appropriate transfer order documents required to complete transfer of the property.

Interfaces:

It is a real-time system with an online database. Batch processing is utilized by agencies for convenience in reporting large volumes of property. FEDS processes customer transactions and provides status on the transactions immediately. For those customers transmitting property reports in batch rather than online, FEDS processes the transactions during an overnight cycle that runs Monday thru Friday.

Primary Use:

For screening, utilization within the Federal Government, and donation to other eligible recipients.

³⁷ FEDS changed to GSAXcess™ in November 2003.

System Name: Asset Disposition Management System (ADMS)

Agency: GSA

Description:

ADMS is a decision support system for Federal Personal Property managers and State Agency for Surplus Personal Property directors. ADMS supports aggregate analysis of actual personal property disposition history and performance indicators. ADMS collects data from existing GSA and agency personal property disposition systems, transforms and loads it into a data warehouse, and uses modern tools for analysis and modeling. This system develops information necessary to create policy initiatives that improve the quality of service, reduce operating costs Government-wide, and increase workforce productivity and effectiveness. ADMS is designed to provide a framework for Federal property managers to standardize, measure performance, and improve mission fulfillment.

Interfaces:

There is a FTP data download link from FEDS to ADMS

Primary Use:

To hold a database of statistics to perform analysis on the disposal process to assist in the policymaking process.

Other:

The intended users of ADMS are: GSA, Office of Government wide Policy, Personal Property Policy Division (MTP) staff. Federal Department/Agency property managers throughout the Federal government, Oversight agencies (Office of Management and Budget (OMB) and General Accounting Office (GAO)), and senior managers of State Agencies for Surplus Property (SASP)

System Name: Defense Reutilization and Marketing Service Automated Information System (DAISY)

Agency: Department Of Defense (DOD) - Defense Reutilization and Marketing Service (DRMS)

Description:

DAISY is used by DRMS of DOD responsible for disposal of property-DRMS. All property to be disposed of is entered into DAISY and managed throughout the disposal process. DAISY interacts with the DRMS website to screen property, as well as the MIDAS system to record and store data on property. . DAISY also displays assets on the DRMS website for internal screening.

Interfaces:

All property to be disposed of within DOD is entered into DAISY either through automated loading or manual input. DAISY loads all records into MIDAS after six months for data warehousing. All property to be declared excess is loaded into FEDS through an FTP batch load directly from DAISY.

Primary Use:

DAISY is used to automate inventory management throughout DRMS. DAISY identifies hazardous materials for destruction, as well as assets to be transferred for programs such as LESO. DAISY displays assets for internal screening on the DRMS website. DAISY also loads data into MIDAS for record keeping. All excess property from DRMS is loaded into FEDS through DAISY as well.

System Name: Plant Clearance Automated Reutilization Screening System (PCARSS)

Agency: DOD – Defense Contract Management Agency (DCMA)

Description:

PCARSS is part of the Government directive to achieve a paperless Contracting environment. It automates the process for reporting, screening, requisitioning and disposing of excess Government property located at contractor facilities. It has three applications: PLCO Application, web based contractor application and web based screener application.

Interfaces:

PCARSS supports three formats of data interface: WWW, Flat File Transfer (FFT) and Hard copy to PLCO input. It has a FTP batch interface with FEDS for the FFT.

Primary Use:

Excess disposition system for property that is in the possession of contractors.

System Name: Maintenance Information Distribution and Access System (MIDAS)

Agency: DOD-DRMS

Description:

MIDAS is a data warehouse and data mining systems that runs off of DAISY. All data coming from DAISY is maintained and tracked through MIDAS. MIDAS also stores historical data of assets that have been disposed of. Any asset that leaves DAISY, or is in DAISY for more than six months has its historical record transferred directly into MIDAS by DAISY. MIDAS also allows access to data through the Internet.

Interfaces:

MIDAS interfaces directly with DAISY through the DRMS internal network.

Primary Use:

To hold a database of statistics on historical usage and disposal of assets that pass through DRMS. MIDAS warehouses all data coming through DAISY and offers statistical data analysis of assets passing through DRMS.

System Name: Agency Asset Management System (AAMS)

Agency: Department of Commerce (DOC)

Description:

DOC and GSA have combined resources to enhance FEDS to provide Internal Screening to authorized DOC users. The module is called Agency Asset Management System (AAMS). FEDS/AAMS can be used to report, freeze, and transfer excess personal property exclusively within the DOC. At the end of the Internal Screening cycle, any property still available is either returned to the owner, or is automatically passed to FEDS where other federal and state agencies can compete for the property.

Interfaces:

AAMS is a customized module of FEDS and resides in the same database as FEDS; the common database schema has served as the virtual interface for reporting excess from DOC to FEDS.

Primary Use:

For internal screening and utilization of excess property only within the DOC.

System Name: Energy Asset Disposal System (EADS)

Agency: Department of Energy (DOE)

Description:

GSA and the DOE combined resources to enhance FEDS to provide Internal Screening to authorized DOE users. FEDS/EADS can be used to report, freeze, and transfer excess personal property exclusively within DOE. At the end of the Internal Screening Cycle, any property still available is either returned to the owner, or is automatically passed to FEDS where other federal and state agencies can compete for the property.

Interfaces:

EADS is a customized module of FEDS and resides in the same database as FEDS; the common database schema has served as the virtual interface d for reporting excess from DOE to FEDS.

Primary Use:

Internal screening and utilization of excess property only within the DOE.

System Name: Agency Asset Management System (AAMS)

Agency: Department of Veterans Affairs (VA)

Description:

GSA and the VA combined resources to enhance FEDS to provide Internal Screening to authorized VA users. FEDS/AAMS can be used to report, freeze, and transfer excess personal property exclusively within DOE. At the end of the Internal Screening Cycle, any property still available is either returned to the owner, or is automatically passed to FEDS where other federal and state agencies can compete for the property.

Interfaces:

AAMS is a customized module of FEDS and resides in the same database as FEDS; the common database schema has served as the virtual interface for reporting excess from VA to FEDS.

Primary Use:

Internal screening and utilization of excess property only within the VA.

System Name: Screening Available Exchange Sale (SAVES)

Agency: Department of the Interior (DOI)/Bureau of Land Management (BLM)

Description:

The Screening Available Exchange Sale System is an excess property management system run by DoI. When the property is declared excess within DoI, excess property information will be entered into SAVES. The excess property will either be exchanged/sold or declared excess to enter the U&D program.

Interfaces:

DOI SAVES provides the excess information to GSA FEDS through a weekly FTP batch download.

Primary Use:

Excess property management system for DOL.

System Name: ARGIS

Agency: Department of Justice (DOJ)

Description:

ARGIS is a database used by DOJ to manage and track inventory of assets. ARGIS tracks the assets throughout their time at DOJ and generates reports on utilization of assets within the Agency as well as at the time of procurement and disposal. ARGIS also allows others within DOJ to view assets during use and internal screening.

Interfaces:

All assets are entered into ARGIS manually. Once an item has been declared excess ARGIS generates SF120 forms that are then entered manually into FEDS.

Primary Use:

To keep records of property and to generate the SF120 forms for transfer to FEDS as well as any other documents necessary for inventory tracking.

System Name: Excess Management System (EMS)

Agency: Department of Transportation (DOT)

Description:

Excess Management System is a web based excess property management system run by Department of Transportation. When the property is declared excess in DoT, excess property information will be downloaded into FEDS from EMS and made available to the U&D programs.

Interfaces:

DoT EMS provides the excess information to GSA FEDS through a FTP batch download. In the case of the data integrity or data download issue emerged, an email notification from GSA will provide feedback to DoT.

Primary Use:

Excess property management system for DoT.

System Name: Property Disposal Management System (NPDMS)

Agency: National Aeronautics and Space Administration (NASA)

Description:

NPDMS is a disposal management system run by NASA. When property is declared excess in NASA's inventory and supply management systems, the property information is loaded into NPDMS. This system enable users to conduct internal screening within NASA. Once the internal screening is completed, the NPDMS then loads the data into FEDS.

Interfaces:

NPDMS receives its data from a direct network upload through the inventory and supply management systems at NASA. The primary user interface for NPDMS is through the Internet. NPDMS loads its data to FEDS through a FTP batch load.

Primary Use:

To facilitate internal screening within NASA and to aggregate and format data for declaration of excess to GSA.

System Name: Asset Management System (AMS)

Agency: National Institute of Standards and Technology (NIST)

Description:

Asset Management System is a web based property management system run by NIST. When property is acquired by NIST, the property will be registered in the AMS. Throughout the life cycle of the property, AMS will serve as the inventory tracking and management system. AMS contains the property information of DoC's Technology Administration (TA) as well. When the property is declared excess in NIST, excess property information will be downloaded into FEDS and made available to the U&D programs. DoC TA's excess property is reported through the same approach.

Interfaces:

AMS provides the excess information to GSA FEDS through monthly FTP batch download. In the case of the data integrity or data download issue emerged, an email notification from GSA will provide feedback to NIST.

Primary Use:

Property life cycle management system.

System Name: Personal Property System (PROP)

Agency: Department of Agriculture (USDA)

Description:

PROP is an entire life-cycle inventory management system. PROP tracks assets from the time of procurement to the time of disposal. PROP only tracks assets with an Original Acquisition Cost of more than \$5,000 during use within a part of USDA. At the time of disposal items with an Original Acquisition Cost of less than \$5,000 are also tracked in PROP. The Procurement and Property Management division of USDA maintains PROP. Assets enter PROP in four ways. If an item costs more than \$5,000 at original procurement the purchase order loads the item directly into PROP. If the item is procured through means other than purchase, the item is loaded into PROP at the time of transfer into USDA. If the original procurement cost is less than \$5,000, the asset is loaded into PROP at the time it is declared excess. The final way in which assets enter PROP is through data loads through other systems existing in one of the 29 other USDA sub-agencies.

Interfaces:

All property in PROP that is declared excess loads into FEDS through a FTP batch load on a weekly basis every Wednesday.

Primary Use:

Used for all asset management functions within USDA. It records procurement, use, and disposal of USDA assets. At the time of disposal PROP conducts a 30-day internal screening within USDA, and then transfers the asset to FEDS.

Section 10 - PARTICIPATING STAKEHOLDERS

- DOC – Department of Commerce
- DOD – Department of Defense
- DOE – Department of Energy
- DHS – Department of Homeland Security
- DOJ – Department of Justice
- FPI – Federal Prison Industries
- GSA – General Service Administration
- HHS – Department of Health and Human Services
- ICPM – Interagency Committee on Property Management
- NASA – National Aeronautics and Space Administration
- NASASP – National Association of State Agencies for Surplus Property
- TREAS – Department of Treasury
- USA-FEPP – Users and Screeners Association for Federal Excess Personal Property
- USDA – United States Department of Agriculture
- VA – Department of Veteran’s Affairs

Interviews Conducted

	Participant	Date	Interview Type
Agriculture, Department of (Forest Service)	April Baily Kathy Fay Scott Baily	August 11	In-Person
Commerce, Department of (National Oceanic and Atmospheric Administration)	Beth Guasta Don Still Deb Pickerign	August 13	In-Person
Defense Contractor Management Agency	Sandra Dantzler	August 12	In-Person
Energy, Department of	John Carpenter Jerry Handley	August 5	In-Person
Agriculture, Department of (Forest Service)	Jan Polasky	August 15	Telephone
General Services Administration	Deidre Huber	July 1 August 14	In-Person
General Services Administration	Joe Hvorecky	July 30	Telephone
General Services Administration	Dave Robbins Denise Thomas Tom Nugent	August 14	In-Person
General Services Administration	Robert Holcombe	August 15	In-Person
General Services Administration	Dave Robbins Roman Marciniak Kevin Payne Pat LaPella	September 3	In-Person
Government of Australia		September 13-30	Telephone
Government of Canada		September 13-30	Telephone
Government of Netherlands		September 13-30	Telephone
Government of United Kingdom		September 13-30	Telephone
Health and Human Service, Department of	Jim Kerr Steve Mahaney	August 7	In-Person
Homeland Security, Department of	Barb Hays	August 4 September 23	In-Person
Interagency Committee on Property Management	Various	October 2003 Meeting	In-Person
National Aeronautics and Space Administration	Jeff Parker Dave Melton	September 5	In-Person
State Agency for Surplus Property	Scott Pepperman	July 8 September 11 September 17	Telephone

	Participant	Date	Interview Type
State Agency for Surplus Property	Daryl Haeder Steve Perica	August 11	Telephone
State Agency for Surplus Property	Mary Beth Enggren	August 13	Telephone
State Agency for Surplus Property	Marilyn Trachsel	August 15	Telephone
Users and Screeners Association for Federal Excess Personal Property	Carl Marsh	September 25	Telephone
Users and Screeners Association for Federal Excess Personal Property	Joe Grego	September 25	Telephone
Veteran's Affairs, Department of	Freddie Martinez	August 12	In-Person

Section 11 - US Government Standard Forms

Form: SF120/SF120A - Report of Excess Personal Property

Purpose

The Standard Form 120 (SF120) is used by Federal Departments and Agencies to declare Excess Personal Property to GSA. The primary function of the form is to allow a Department or Agency to report to GSA the type of assets to declare excess, the condition of the assets as determined by a pre-arranged code, and the original cost of the assets.

Data Collected

The form includes item numbers, descriptions, conditions, acquisition costs per unit and total, as well as the fair value percentage. This information is then loaded into FEDS for screening by Federal, State, and eligible Non-Profit Agencies or Organizations. The Standard Form 120 A (SF120A) is the continuation sheet for SF120.

Process

The disposing Department or Agency sends the SF120 to the GSA Regional Office responsible for the Department or Agency's respective geographic area. Today over 90 percent of property reports are entered into FEDS electronically, by the reporting agency.

Form: SF122 - Transfer Order for Excess Personal Property

Purpose

The Standard Form 122 (SF122) is used by Federal Departments and Agencies to claim Excess Personal Property from GSA. The primary function of the form is to allow a Department or Agency to report to GSA the type of assets to claim from excess, the condition of the assets as determined by a pre-arranged code, the agency transferring the assets, and the original cost of the assets.

Data Collected

The form includes the holding agency and location of the property, the receiving agency and shipping address, shipping instructions, and an approval area for the receiving agency. The SF122 also includes a space for the item numbers, descriptions, quantity, and original acquisition cost.

Process

FEDS generates this form to the recipient agency after allocation is made. The recipient agency approves the transfer order and returns it to GSA for final approval.

STANDARD FORM 122
 JUNE 1974
 GENERAL SERVICES
 ADMINISTRATION
 FPMR (41 CFR) 101-32.306
 FPMR (41 CFR) 101-43.315

**TRANSFER ORDER
 EXCESS PERSONAL PROPERTY**

1. ORDER NO.

2. DATE

3. TO: General Services Administration*

4. ORDERING AGENCY (Full name and address)*

5. HOLDING AGENCY (Name and address)*

6. SHIP TO (Consignee and destination)*

7. LOCATION OF PROPERTY

8. SHIPPING INSTRUCTIONS

9. ORDERING AGENCY APPROVAL

10. APPROPRIATION SYMBOL AND TITLE

a. SIGNATURE

b. DATE

c. TITLE

11. ALLOTMENT

12. GOVERNMENT B/L NO.

13. PROPERTY ORDERED

GSA AND HOLDING AGENCY NOS. (a)	ITEM NO. (b)	DESCRIPTION (Include noun name FSC Group and Class, Condition code and, if available, National Stock Number) (c)	UNIT (d)	QUANTITY (e)	ACQUISITION COST	
					UNIT (f)	TOTAL (g)

14. GSA APPROVAL

a. SIGNATURE

b. TITLE

c. DATE

FOR GSA USE ONLY	AGENCY AND LOCATION				FSC	CONDITION	SOURCE CODE
	AGENCY	STATE					

*Include ZIP Code

Form: SF123/SF123A - Transfer Order for Surplus Personal Property

Purpose

The Standard Form 123 (SF123) is used by State Agencies and Non-Profit Organizations to claim Surplus Personal Property from GSA. The primary function of the form is to allow a State Agency or Non-Profit Organization to report to GSA the type of assets to claim from surplus, the condition of the assets as determined by a pre-arranged code, the agency transferring the assets, and the original cost of the assets. The SF 123 also includes a legal disclaimer for the receiving agency to review and accept before they may receive surplus property.

Data Collected

The form includes the holding agency and location of the property, the receiving agency or organization and shipping address, pick up or shipping instructions, and an approval area for the receiving agency or organization. The SF123 also includes a space for the item numbers, descriptions, quantity, and original acquisition cost, as well as a demilitarization code. The Standard Form 123 A (SF123A) is the continuation sheet for SF123.

Process

FEDS generates the SF123 to the SASP or FAA regional office supporting the public airport that is allocated this property. The SASP or FAA approve the transfer order. SASP approval confirms acceptance of terms and conditions that are applicable to the donation program, including verification of Donee eligibility. The SASP or FAA office approves the transfer order and returns it to GSA for final approval.

TRANSFER ORDER SURPLUS PERSONAL PROPERTY		1. ORDER NUMBER(S) a. _____ b. _____		FORM APPROVED OMB NUMBER 3090-0014	PAGE 1 OF _____ PAGES
2. TYPE OF ORDER <input type="checkbox"/> STATE AGENCY <input type="checkbox"/> DOD(SEA) <input type="checkbox"/> FAA		3. SURPLUS RELEASE DATE	4. SET ASIDE DATE	5. <input type="checkbox"/> NON-REPORTABLE <input type="checkbox"/> REPORTABLE	6. TOTAL ACQUISITION COST
7. TO GENERAL SERVICES ADMINISTRATION*				8. LOCATION OF PROPERTY	
9. HOLDING AGENCY (Name and address)*					
10. FOR GSA USE ONLY					
SOURCE CODE <input type="checkbox"/>					
STATE <input type="checkbox"/> <input type="checkbox"/> CITY <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>					
TYPE OF DONATION <input type="checkbox"/> <input type="checkbox"/>					
ADJUSTED ALLOCATION CODE <input type="checkbox"/> <input type="checkbox"/>					
11. PICKUP OR SHIPPING INSTRUCTIONS*					

12. SURPLUS PROPERTY LIST

L/I NO.	IDENTIFICATION NUMBER(S)	DESCRIPTION	DEMIL. CODE	COND. CODE	QUANTITY AND UNIT	ACQUISITION COST	
						UNIT	TOTAL
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)

13. TRANSFEREE ACTION Transferee certifies and agrees that transfers and donations are made in accordance with 41 CFR 101-44, and to the terms, conditions, and assurances as specified on this document.	a. TRANSFEREE (Name and address of State Agency, SEA, or public airport)*	b. SIGNATURE AND TITLE OF STATE AGENCY OR DONEE REPRESENTATIVE	c. DATE
		d. SIGNATURE OF HEAD OF THE SEA (School or National Headquarters)	
14. ADMINISTRATIVE ACTION I certify that the administrative actions pertinent to this order are in accordance with 41 CFR 101-44 and as specified on this document have been and are being taken.	a. DETERMINING OFFICER (DOD or FAA)*	b. SIGNATURE OF DETERMINING OFFICER	e. DATE
	d. GSA APPROVING OFFICER	e. SIGNATURE OF APPROVING OFFICER	f. DATE

CERTIFICATIONS, AGREEMENTS, AND ASSURANCES

The transferee specified in block 13a on the obverse of this transfer order, in consideration of and for the purpose of obtaining any or all property for donation covered by such transfer order, recognizes and agrees that any such transfer will be made by the United States in reliance on the following certifications, agreements, and assurances:

1. OFFICIAL SIGNING IN BLOCK 13b AS REPRESENTATIVE OF:

a. STATE AGENCY. (1) As a condition of the allocation of property listed in block 12, the State agency, for itself, and with respect to any such property to be distributed in an adjacent State, pursuant to an approved InterState Distribution Agreement as agent for an authorized representative of the adjacent State, hereby certifies:

(a) It is the agency of the State designated under State law and as such has legal authority within the meaning of section 203(j) of the Federal Property and Administrative Services Act of 1949, 63 Stat. 386, as amended (hereinafter referred to as the Act), and the regulations of the General Services Administration to receive surplus property for distribution within the State to eligible donees within the meaning of the Act and regulations.

(b) The property listed on this document or attachments hereto is usable and needed by a public agency for one or more public purposes, such as conservation, economic development, education, parks and recreation, public health, public safety, and programs for older individuals, by an eligible nonprofit organization or institution which is exempt from taxation in the State under section 501 of the Internal Revenue Code of 1954 for the purpose of education or public health (including research for any such purpose), or by an eligible nonprofit tax-exempt activity for programs for older individuals.

(c) When the property is picked up by or shipped to a State agency, the State certifies that it has available adequate funds, facilities, and personnel to effect accountability, warehousing, proper maintenance, and distribution of the property.

(d) When the property is distributed by a State agency to a donee, or when delivery is made direct from a holding agency to a donee, that the donee who is acquiring the property is eligible within the meaning of the Act and the regulations of the General Services Administration, and that such property is usable and needed by the donee.

(2) With respect to donable property picked up by or shipped to a State agency, the State agency agrees to the following:

(a) The right to possession only is granted and the State agrees to make prompt statewide distribution of the same, on a fair and equitable basis, to donees eligible to acquire property under section 203(j) of the Act and regulations of the General Services Administration, after such eligible donees have properly executed the appropriate certifications and agreements established by the State agency and/or the General Services Administration.

(b) Title to such property shall remain in the United States of America although the State shall have taken possession thereof. Conditional title to the property shall pass to the eligible donee when it executes the certifications and appropriate agreements required by the State agency and has taken possession of the property.

(c) The State agency further agrees that it will pay promptly the cost of care, handling, and shipping incident to taking possession of such property and that during the time the title remains in the United States of America, it will be responsible, as a bailee for mutual benefit, for such property from the time it is released to the State agency or to the transportation agent designated by the State agency; and that in the event of any loss of or damage to any or all of the property, it will file such claim and/or institute and prosecute to conclusion such proceedings as may be necessary to recover for the account of the United States of America the fair value of any such property lost or damaged.

(d) No surplus property hereafter approved for transfer by the General Services Administration shall be retained by the State agency for use in performing its functions unless such property use is authorized by the General Services Administration in accordance with the provisions of a cooperative agreement entered into between the State agency and the General Services Administration.

(3) Where an applicant State agency is acting under an interstate distribution agreement approved by the General Services Administration as an agent and authorized representative of an adjacent State with which it shares a common boundary, the certifications and agreements required above shall also be made by the applicant State agency respecting the donees in such adjacent State to which distribution will be made and the property to be distributed in the adjacent State, and such certifications and agreements shall constitute the certifications and agreements to the adjacent State on whose behalf and as whose authorized representative the applicant State agency is acting.

b. SERVICE EDUCATIONAL ACTIVITY. Pursuant to section 203(j) of the Act and regulations promulgated thereunder, and a designation of

sonal property listed in block 12 is requested. It is hereby certified that (1) the signer is appropriately authorized; (2) the property is usable and necessary to carry out the educational purposes of the transferee, is required for use to fill an existing need, and will be used for such purposes within 1 year after it is obtained; and (3) funds are available and will be paid, when requested, to cover cost of care and handling incident to the donation, including packing preparation for shipment, loading, and transporting such property.

c. PUBLIC AIRPORT. Pursuant to the Act and section 13(g) of the Surplus Property Act of 1944, 58 Stat. 770, as amended, and regulations promulgated thereunder, request is hereby made for the property listed in block 12. The transferee agrees that (1) funds are available to pay the costs of care and handling incident to donation, including packing, preparation for shipping, loading, and transporting such property; and (2) if such property is donated to the transferee it will (a) not be used, sold, salvaged, or disposed of for other than airport purposes without the consent of the Federal Aviation Administration; (b) be kept in good repair; (c) be used for airport purposes; (d) be appropriately marked as Federal surplus property and will be made available for inspection upon request; and (e) at the option of the United States, revert to the United States, in its then existing condition, if all the aforesaid conditions are not met, observed, or complied with.

d. STATE AGENCY SERVICE EDUCATIONAL ACTIVITY, PUBLIC AIRPORT, OR DONEE.

(1) Assurance of Compliance With GSA regulations, under Title VI of the Civil Rights Act of 1964, section 606 of Title VI of the Federal Property and Administrative Services Act of 1949, as amended, section 504 of the Rehabilitation Act of 1973, as amended, Title IX of the Education Amendments of 1972, as amended, and section 303 of the Age Discrimination Act of 1975.

The transferee agrees that (a) the program, for or in connection with which any property covered by this transfer order is acquired by the transferee, will be conducted in compliance with, and the transferee will comply with and will require any other person (any legal entity), who through contractual or other arrangements with the transferee is authorized to provide services or benefits under said program, to comply with all requirements imposed by or pursuant to the regulations of the General Services Administration (41 CFR 101-6.2 or 101.8) issued under the provisions of Title VI of the Civil Rights Act of 1964, section 606 of Title VI of the Federal Property and Administrative Services Act of 1949, as amended, section 504 of the Rehabilitation Act of 1973, as amended, Title IX of the Education Amendments of 1972, as amended, and section 303 of the Age Discrimination Act of 1975, to the end that no person in the United States shall, on the ground of race, color, national origin, sex, or age, or that no otherwise qualified handicapped person shall solely by reason of the handicap, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity for which the transferee receives Federal assistance from the General Services Administration; (b) this agreement shall be subject in all respects to the provisions of said regulations; (c) this agreement shall obligate the transferee and any other person (any legal entity), who through contractual or other arrangements with the transferee is authorized to provide services or benefits under said program, for the period during which it retains ownership or possession of any such property; (d) the transferee will promptly take, and continue to take, such action as may be necessary to effectuate this agreement; (e) the United States shall have the right to seek judicial enforcement of this agreement; and (f) this agreement shall be binding upon any successor in interest.

(2) The transferee agrees that the Government assumes no liability for any damages to the property of the State or donee, any person, or public property, or for the personal injuries, illness, disabilities or death to employees of the State or donee, any other person subject to their control or any other person including members of the general public, arising from or incident to the property use, processing, disposition, or any subsequent operation performed upon, exposure to or contact with any component, part, constituent or ingredient of this item, or substance, or material whether intentional or accidental. The State and/or donee agrees to hold harmless and indemnify the Government for any and all costs, judgment, action, debt, liability costs and attorney's fees or any other request for monies or any type of relief arising from or incident to the transfer, donation, use, processing, disposition, or any subsequent operation performed upon, exposure to or contact with any component, part, constituent or ingredient of this item, material or substance, whether intentional or accidental.

STATEMENT OF ADMINISTRATIVE ACTIONS

2. OFFICIAL SIGNING IN BLOCK 14b AS REPRESENTATIVE OF:

a. DEPARTMENT OF DEFENSE. The Department of Defense (DLA or Sponsoring Military Service) has determined that the personal property listed in block 12 is authorized and approved for donation to the service educational activity in block 13a (subject to any interim request by a Federal agency).

b. FEDERAL AVIATION ADMINISTRATION. The Administrator of the Federal Aviation Administration has determined that the surplus personal property listed in block 12 is essential, suitable, or desirable for the development, improvement, operation, or maintenance of a public airport, or reasonably necessary to fulfill the immediate and/or

able future requirements of the grantee for the development, improvement, operation, or maintenance of a public airport.

3. OFFICIAL SIGNING IN BLOCK 14e AS REPRESENTATIVE OF GENERAL SERVICES ADMINISTRATION: The surplus personal property listed in block 12, except any disapproved items, is approved for transfer for donation purposes. Property listed hereon requested for transfer by a State agency is hereby allocated to that State. Such property will be held by the holding agency for a period not to exceed 42 calendar days from the surplus release date pending receipt of pickup or shipping instructions, whereupon it will be released to the donee.

**TRANSFER ORDER
SURPLUS PERSONAL PROPERTY** *(Continuation Sheet)*

ORDER NO.(S)
a. _____
b. _____

FORM APPROVED OMB NUMBER | PAGE
3090-0014 |

SURPLUS PROPERTY LIST *(Continuation of Item 12)*

L/I NO. (a)	IDENTIFICATION NUMBER(S) (b)	DESCRIPTION (c)	DEMIL. CODE (d)	COND. CODE (e)	QUANTITY AND UNIT (f)	ACQUISITION COST	
						UNIT (g)	TOTAL (h)

Form: SF126/SF126A - Report of Personal Property for Sale

Purpose

The Standard Form 126 (SF126) is used by Federal Departments and Agencies to declare unneeded assets to GSA for sale. The primary function of the form is to allow a Department or Agency to report to GSA the type of assets to declare for sale, the condition of the assets as determined by a pre-arranged code, and the original cost of the assets.

Data Collected

The form includes item numbers, descriptions, conditions, acquisition costs per unit and total, as well as whether this is exchange sale and who is to receive the proceeds. This data is then loaded into the systems used for the sale of Federal assets so that prospective buyers can review the property and bid as appropriate. The Standard Form 126 A (SF126A) is the continuation sheet for SF126.

Process

The disposing Department or Agency sends the SF126 to the GSA Regional Office responsible for the Department or Agency's respective geographic area. The SF 126 is used for all sales of Federal assets that are reported to GSA. The SF 126 also verifies that the appropriate U&D process has taken place, except in the case of exchange/sale.

REPORT OF PERSONAL PROPERTY FOR SALE

PAGE _____ OF _____

1. FROM (NAME, ADDRESS AND ZIP CODE OF OWNING AGENCY)		2. REPORT NO.	3. DATE	
		4. FSC GROUP	5. TOTAL ACQUISITION COST	
6. PUBLIC MAY INSPECT PROPERTY BY CONTACTING (NAME, ADDRESS, ZIP CODE AND TELEPHONE NO.)		7. PROPERTY LOCATED AT		
8. TO • General Services Administration		a. ACTIVITY WILL LOAD FOR PURCHASER <input type="checkbox"/> (1) YES <input type="checkbox"/> (2) NO 9. LOAD-ING BY GOV'T b. EXTENT (IF CHECKED "YES")		
		10. PROPERTY IS EXCHANGE/SALE <input type="checkbox"/> a. YES <input type="checkbox"/> b. NO	11. PROPERTY IS REIMBURSABLE <input type="checkbox"/> a. YES <input type="checkbox"/> b. NO	
12. SEND EXECUTED SALES DOCUMENTS TO (NAME, ADDRESS AND ZIP CODE)		13. DEPOSIT PROCEEDS TO (APPROPRIATE FUND SYMBOL AND TITLE)		
		14. STATION DEPOSIT SYMBOL OR STATION ACCOUNT NUMBER		
15. UTILIZATION AND DONATION SCREENING REQUIREMENTS COMPLETED. PROPERTY IS AVAILABLE FOR SALE		BY (SIGNATURE AND TITLE)		

16. PROPERTY LIST (USE CONTINUATION SHEET, IF NECESSARY)

ITEM NO. (a)	ITEM NO. ASSIGNED BY GSA (b)	COMMERCIAL DESCRIPTION AND CONDITION (c)	UNIT (d)	NUMBER OF UNITS (e)	ACQUISITION COST	
					PER UNIT (f)	TOTAL (g)

17. RECEIPT OF PROPERTY AT GSA SALES SITE OR CENTER ACKNOWLEDGED		18. RECEIPT OF REPORTS IS HEREBY ACKNOWLEDGED	
SIGNATURE AND TITLE	DATE	SIGNATURE AND TITLE	DATE

FOR GSA INTERNAL USE ONLY

19. SALE NO.	20. TYPE OF SALE	21. INSPECTION DATES	22. BID OPENING DATE AND TIME
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Section 12 - Legislative History of the Personal Property Program

LEGISLATIVE HISTORY OF THE FEDERAL EXCESS AND SURPLUS PERSONAL PROPERTY PROGRAM

The Congress has sole authority over the disposition of Federal property pursuant to the provisions of Article IV, section 3, paragraph 2, of the Constitution of the United States. This section of the Constitution states that Congress has the authority to "dispose of and make all needful rules and regulations respecting the territories or other property belonging to the United States."

In the exercise of this authority, the Congress has passed laws establishing policies designed to serve the best interests of the taxpayers. The following is a narration of various laws and executive orders relating to the disposal of personal property for utilization and donation purposes. These authorities cover the period from 1918 to the enactment of Pub. L. 107-273 in November 2002.

1. EO 3019 of December 3, 1918, directed that "surplus" materials, supplies, and equipment should be transferred to the Secretary of the Treasury for reissue to other Government establishments.
2. Pub. L. 66-91, enacted November 19, 1919, authorized the Secretary of War to sell machine tools under the control of the War Department that were not needed for Government purposes. These were to be sold at 15 per centum of cost to trade, technical and public schools, colleges, and universities, if suitable for their use. From this legislation to the present time, many Federal laws have been enacted authorizing Federal agencies and independent departments to make obsolete or surplus personal property no longer needed by the Federal Government available for donation for educational uses, as well as legislation authorizing donations for other purposes and disposals by other means.
3. Pub. L. 69-615, enacted February 14, 1927, permitted the Secretary of the Navy to dispose of obsolete aeronautical equipment to accredited schools, colleges, and universities.
4. Pub. L. 70-254, enacted May 26, 1928, authorized the Secretary of War to donate obsolete aeronautical equipment to museums, accredited schools, colleges, and universities for exhibit purposes.

5. Pub. L. 71-249, enacted May 29, 1930, authorized the Secretary of the Navy to dispose of, without charge except for transportation, such machinery, mechanical equipment and tools as were obsolete or no longer needed by the Navy to accredited schools, colleges, and universities for use in vocational training and instruction.
6. Pub. L. 74-455, enacted February 27, 1936, amended Pub. L. 71-249 to authorize the Secretary of the Navy also to donate boats and boat equipment to some types of institutions and for the same purposes as authorized in Pub. L. 71-249.
7. Pub. L. 74-460, enacted February 28, 1936, authorized the Secretary of War to make donations to schools for use in vocational training and instruction, such machinery, mechanical equipment and tools as were obsolete or no longer needed by the Army. Donations of Army surplus tools and equipment made to schools prior to the enactment of the Surplus Property Act of 1944 (Pub. L. 78-457), Pub. L. 78-889 (July 1948), and the Federal Property and Administrative Services Act of 1949 (Pub. L. 81-152, June 1949), were made under this authority.
8. Pub. L. 78-292, enacted April 22, 1944, amended the Lanham Act to provide for the transfer of buildings and personal property by the Federal Public Housing Authority to educational institutions for housing of veteran students.
9. Pub. L. 78-373, enacted June 28, 1944, authorized the transfer of National Youth Administration (NYA) property to schools for continued educational use in programs inaugurated under NYA.
10. Pub. L. 78-457, enacted October 3, 1944, was known as "The Surplus Property Act of 1944." This was an interim statute due to expire 3 years after the cessation of World War II hostilities and was not intended as permanent property management legislation. Rather, its purpose was to achieve a number of special objectives that would make the disposal of the huge war surpluses a constructive force in demobilization and reconversion. The Act set up a Surplus Property Board, composed of three members to be appointed by the President with the advice and consent of the Senate, one of whom was to be designated by the President as Chairman of the Board. Implementation of the Act was entrusted to the Reconstruction Finance Corporation and successively the Surplus Property Administration, the War Assets Corporation, and the War Assets Administration.

The Surplus Property Act of 1944 authorized the transfer of surplus personal property to certain educational and public health institutions at public benefit discount or by donation, and the transfer of surplus real property to certain educational and public health institutions and instrumentalities of the Government at public benefit discount. Regulations implementing this Act provided various procedures for transfer either by donation or at public benefit discount or by disposal by sales of the bulk of the war surplus property disposed of after World War II.

Section 13 of the Surplus Property Act of 1944 provided for disposals of property to local governments and nonprofit institutions. Under this Act, large amounts of property were sold or donated to various recipients under a complicated system of priorities and preferences that delayed disposal actions and increased administrative costs.

The Chairman of the Surplus Property Board on March 19, 1945, requested the assistance of the Administrator of the Federal Security Agency (redesignated as the Department of Health, Education, and Welfare (DHEW) in 1953) in implementing section 13 of the Act pertaining to disposals of surplus property to educational and public health organizations and institutions. Section 13 of the Act gave eligible public health and educational institutions a priority over all other disposals except Federal agency transfers. It was designed to give eligible health and educational claimants an opportunity to fulfill their legitimate needs in the public interest. The U.S. Office of Education and the Public Health Service of the Federal Security Agency were made responsible for the educational and public health aspects, respectively, of the surplus property program authorized under section 13.

11. Pub. L. 79-697, enacted August 8, 1946, authorized the transfer of real (off-site buildings) and personal property to educational institutions for use in expediting the education and training of veterans under title II of the Servicemen's Readjustment Act of 1944, as amended.

12. Pub. L. 80-862, enacted June 30, 1948, amended the Surplus Property Act of 1944 (Pub. L. 78-457), and abolished the War Assets Administration, effective February 28, 1949.

13. Pub. L. 80-883, enacted July 2, 1948, authorized the Federal Works Administrator to lend machine tools from the National Industrial Reserve to nonprofit educational institutions and training schools.

14. Pub. L. 80-889, enacted July 2, 1948, authorized the Secretaries of the Army, Navy, and Air Force to donate without cost, except for the costs of care and handling, surplus materials which the U.S. Commissioner of Education certified were usable and needed by tax-supported and tax-exempt schools, school systems, colleges, and universities for educational purposes. This Act enabled the Office of Education to establish field representatives in major geographical areas, primarily military district headquarters. It combined the real and personal property programs under a single regional representative, whereas separate regional representatives were designated under the War Assets Administration to handle these programs.

15. Pub. L. 81-152, enacted June 30, 1949, is referred to as the Federal Property and Administrative Services Act of 1949 (Federal Property Act). This Act established the General Services Administration (GSA) as the successor in function to the War Assets Administration and charged the new agency with overall responsibility for Government-wide property management matters. Section 203(j) (40 U.S.C. 484(j)) includes provisions for donation of personal property to fill educational needs as determined by the Office of Education of the Federal Security Agency, formerly authorized under Pub. L. 80-889. Section 203(j)(2) (40 U.S.C. 484(j)(2)) provides for donation of Department of Defense (DOD) surplus property to educational activities of special interest to the armed services, such as maritime academies or military, naval, Air Force, or Coast Guard preparatory schools. When the Secretary of Defense determines such property is usable and necessary for such purposes, he allocates it for transfer by GSA to these service educational activities (SEA's). Section 203(k) (40 U.S.C. 484(k)) includes authority for transfers of real property to educational institutions at a public benefit discount.

The Federal Property Act repealed most of the previously cited statutes. As originally enacted, however, it did not make provisions for donation of personal property or transfer of real property to public health institutions. During 1949 and 1950, the Public Health Service cooperated with the Office of Education and congressional committees to draft and enact legislation realizing this desired end (see Pub. L. 81-754).

Under the "Repeal and Saving Provisions" (section 602(a)(1)) of the Federal Property Act), section 13(g) of the Surplus Property Act of 1944 (50 U.S.C. App. 1622(g)) providing for transfers/donations of surplus personal property to municipalities for public airport purposes was retained in statute. Section 13(g) (re-codified as 49 U.S.C. 47151 by Pub. L. 103-272 (July 5, 1994)) remains the basis for current GSA donations for public airport purposes authorized by the Federal Aviation Administration.

16. Pub. L. 81-754, enacted September 5, 1950, amended the Federal Property Act to authorize GSA to donate surplus personal property and transfer surplus real property to tax-supported or tax-exempt nonprofit hospitals, clinics, medical institutions and health centers which the Federal Security Administrator deemed to be useful and necessary for public health purposes.

17. Pub. L. 84-61, enacted June 3, 1955, amended the Federal Property Act to establish clearly that all Federal surplus property, regardless of whether it was carried under special stock fund accounts or otherwise, is to be made available for donation to educational and public health institutions in the States, territories, and possessions of the United States. This law also provided that DHEW could impose reasonable terms and conditions governing the use and disposal of donated items having an acquisition cost of \$2,500 or more. Prior to this legislation, restrictions and conditions were imposed in the transfer document on all items regardless of acquisition cost for a period of 4 years.

18. Pub. L. 84-200, enacted August 1, 1955, amended the Federal Property Act to authorize GSA to donate to the American National Red Cross, for charitable use, surplus Government-owned property that was originally derived from or through the Red Cross.

19. Pub. L. 84-655, enacted July 3, 1956, amended the Federal Property Act to extend eligibility to civil defense organizations established pursuant to State law. During the hearings, Congress expressed its desire that dual allocating agencies would not be created and insisted that the Federal Civil Defense Administration (FCDA) delegate to DHEW the screening and allocation functions for surplus properties needed for civil defense purposes. This was accomplished and formed the basis for DHEW's authority to screen and allocate property for civil defense purposes. Subsequently, FCDA was redesignated as the Defense Civil Preparedness Agency (DCPA).

Pub. L. 84-655 also included a provision that no surplus property could be donated for use in a State except through the single State Agency for Surplus Property (SASP) designated in the State.

20. Pub. L. 87-94, enacted July 20, 1961, amended the Federal Property Act to clarify section 203(n) by specifically authorizing the use of surplus property by SASPs in the operation of the DHEW's Federal Property Assistance Program upon GSA approval of such use.

21. Pub. L. 87-786, enacted October 10, 1962, extended eligibility to acquire Federal surplus property to: (1) tax-supported and nonprofit tax-exempt schools for the mentally retarded or physically handicapped; (2) noncommercial educational radio and educational television stations which are licensed by the Federal Communications Commission; and (3) public libraries which serve free all residents of a community, State, or region and which receive financial support in whole or in part from public funds.

22. Pub. L. 91-426 was enacted September 26, 1970, to provide, among other things, for the transfer or donation of medical and other properties before their shelf life expired. Section 2(b) authorized the donation of surplus foreign excess property to authorized recipients in the United States, its territories and possessions. This gave legal status to the experimental overseas donation program that was inaugurated on a test basis in 1969 at the request of the Government Operations Committee of the House of Representatives.

23. Pub. L. 93-423, enacted September 27, 1974, is known as the Public Works and Economic Development Act Amendments of 1974. This statute included section 514, which authorized excess property to be transferred by GSA when requested by the Federal chairman of specified Regional Commissions for the purpose of economic development. Eligible recipients included: (1) States or political subdivisions thereof; (2) tax-supported organizations; (3) Indian tribes and other Indian groups and businesses owned by such Indian tribes or groups; (4) tax-supported or nonprofit hospitals; and (5) tax-supported or nonprofit private institutions of higher education.

The provisions of this Act, administered by the Department of Commerce, had a tremendous impact on DHEW's surplus property donation program administered through the SASPs. It in effect instituted a priority donation under the Federal excess property utilization program. Property acquired by the Regional Commissions either could be loaned or title could be vested in the non-Federal recipients.

24. Pub. L. 94-519, enacted October 17, 1976, amended the Federal Property Act to: (1) expand donation program eligibility under section 203(j)(3) (40 U.S.C. 484(j)(3)) to include all public agencies as defined in section 203(j)(5) (40 U.S.C. 484(j)(5)); (2) add museums and child care centers to the types of eligible nonprofit, tax-exempt educational institutions; (3) repeal section 514 of Pub. L. 93-423; and (4) transfer DHEW's surplus personal property donation program and functions to GSA, effective October 17, 1977. This statute gave added recognition and responsibilities to the SASPs for the administration of the program. It also required both the General Accounting Office (GAO) and GSA to provide the Congress with independent biennial reports on the operation of the excess and surplus personal property programs.

Pub. L. 94-519 was basically intended and designed to consolidate the many distribution systems operated by various Federal agencies into one efficient and effective donation program under the direction of GSA. It provided under section 203(j)(3)(A) (40 U.S.C. 484(j)(3)(A)) for donations by the SASPs to any public agency for use for any public purpose. Section 203(j)(3)(B) (40 U.S.C. 484(j)(3)(B)) authorized donations to certain nonprofit, tax-exempt (under section 501 of the IRS Code of 1954) educational and public health institutions or organizations for purposes of education or public health (including research for any such purpose). Central to the success of this consolidated program is the relationship between the States and the Federal Government, which the statute establishes as a full partnership.

25. Pub. L. 95-478, enacted October 18, 1978, amended the Older Americans Act of 1965 by adding section 214 to title II. It provides that public agencies and nonprofit organizations receiving appropriated funds under the Older Americans Act and certain other statutes for programs for older individuals are eligible to receive donations of surplus property. (See Pub. L. 97-115, #30)
26. Pub. L. 96-154 was enacted on December 21, 1979. Section 764 of this 1980 DOD Appropriation Act forbade DOD to use any of its Fiscal Year (FY) 1980 appropriated funding to pay to GSA any assessed standard level user charges (SLUC) for space and services required by section 210(j) of the Federal Property Act (40 U.S.C. 490), for any month after January 1, 1980, unless the Administrator of General Services implemented regulations that required a surcharge to recover the costs of care and handling of surplus DOD property that was disposed of by donation under the provisions of section 203(j) of the Federal Property Act.
27. Pub. L. 96-453, enacted October 15, 1980, amended the Merchant Marine Act of 1936 by adding a new title XIII, effective October 1, 1981. Section 1308(b) of title XIII makes excess or surplus Government-owned vessels, shipboard equipment, and other marine equipment available for training purposes to the U.S. Merchant Marine Academy, State maritime academies, and approved nonprofit training institutions. Property can be furnished by gift, loan, sale, lease, or charter on such terms as the Secretary of Commerce deems appropriate.
28. Pub. L. 97-98, enacted December 22, 1981, amended section 202(d)(2) of the Federal Property Act (40 U.S.C. 483(d)(2)) by adding a new subparagraph (E). This amendment allows the Department of Agriculture to acquire excess property and furnish it without reimbursement to extension service cooperatives.
29. Pub. L. 96-597 was enacted on December 24, 1980. Section 402 provided for the passing of title to U.S. Government property located in the Trust Territory of the Pacific Islands (TTPI), and to TTPI property located anywhere, to the local governments in the TTPI area by October 1, 1982.
30. Pub. L. 97-115, enacted December 29, 1981, amended the Older Americans Act of 1965. It revised section 214 and redesignated it as section 213. This redesignated section 213 is the authority for donations of surplus property to certain programs for older individuals that might not otherwise qualify for donations under section 203(j) of the Federal Property Act (40 U.S.C. 484(j)). It provides that "Any State or local government Agency, and any nonprofit organization or institution, which receives funds appropriated for programs for older individuals under [the Older Americans Act of 1965, as amended], under title IV or title XX of the Social Security Act, or under titles VIII and X of the Economic Opportunity Act of 1964 and the Community Services Block Grant Act, shall be deemed eligible to receive for such programs, property which is declared surplus to the needs of the Federal Government in accordance with laws applicable to surplus property."
31. Pub. L. 97-380, enacted December 22, 1982, authorizes GSA to donate to State and local governments certain Federal surplus personal property loaned to them for civil defense use and for other purposes. Subsection 1(a) specifies that this action is limited to property which: (1) was transferred by a component of the DOD to DCPA by July 15,

1979; (2) was on the date of enactment of Pub. L. 97-380 on loan to a State or a State and local Government jointly as a result of a written loan agreement executed by DCPA; and (3) was transferred with the functions and property of DCPA to the Federal Emergency Management Agency (FEMA), which was established pursuant to EO 12148 of July 20, 1979.

32. Pub. L. 98-361 was enacted on July 16, 1984. Section III of this National Aeronautics and Space Administration (NASA) Authorization Act for FY 1985 authorized the Administrator of NASA to transfer title to Federal personal property to an academic institution or nonprofit organization provided that the property: (1) was scientific research or development equipment; (2) had been on loan from NASA to the academic institution or nonprofit organization for at least 2 years as of March 31, 1984; and (3) was still being used for a purpose consistent with the use intended when the property was loaned.

33. Pub. L. 99-83 was enacted on August 8, 1985. Section 712 amended the Foreign Assistance Act of 1961 to add a new section 534, entitled "Administration of Justice," which allows the President to furnish assistance to countries and organizations, including national and regional institutions, in order to strengthen the administration of justice in countries in Latin America and the Caribbean. Under the authority of the new section 534, the Department of Justice (DOJ) established the International Criminal Investigative Training Assistance Program (ICITAP) in January 1986. Through the ICITAP program, DOJ furnishes certain forms of assistance, including excess property to certain law enforcement agencies in Latin America and the Caribbean. Minor administrative changes in the authorities and procedures for the Administration of Justice program were later made by section 579 of Pub. L. 100-202.

34. Pub. L. 99-93 was enacted on August 16, 1985. Section 129 amended section 607 of the Foreign Assistance Act of 1961 to authorize the Secretary of State to transfer Government-owned excess property to any friendly country, international organization, the American Red Cross, or other voluntary nonprofit relief agency to support activities designed to enhance environmental protection in foreign countries (State Department and DOD used this authority to support the "Save the Rhino" campaign in Africa).

35. Pub. L. 99-145 was enacted on November 8, 1985. Section 1454 of this FY 1986 DOD Authorization Act amended Title 10 of the U.S. Code to add a new section 2547 authorizing the Secretary of Defense to make available for humanitarian relief purposes any non-lethal excess supplies of the Department of Defense. This forms the basis of DOD's Humanitarian Assistance Program (HAP). Excess property made available for humanitarian relief purposes under this authority is transferred to the Secretary of State who is responsible for its distribution to eligible recipients. It should be noted that 10 U.S.C. 2547 does not specify recipient countries nor does it mention any restrictions on amounts or types of property furnished except that it had to be non-lethal. The House and Senate Conference Reports that accompanied this Act contain language indicating that the distribution of DOD excess for humanitarian purposes could be "applied on a worldwide basis." This general authority in 10 U.S.C. 2547 has also been supplemented, since 1985, by provisions in the annual DOD Authorization and Appropriation Acts that authorize or appropriate funds for transportation of humanitarian relief supplies.

36. Pub. L. 99-239, enacted January 14, 1986, approves, interprets, and implements the Compact of Free Association with certain TTPI areas. It is effective for the Republic of the Marshall Islands (RMI) on October 21, 1986, for the Federated States of Micronesia (FSM) on November 3, 1986, and for Palau at a yet to be determined future date. The Compact changes or modifies U.S. Government responsibilities in and relations with the TTPI territories. The text of the Compact is contained in title II of Public Law 99-239. The State Department interprets section 226 of the Compact as a general authority for Government agencies to provide technical assistance, including equipment, to the Freely Associated States (i.e., RMI and FSM).

37. Pub. L. 99-386, enacted August 22, 1986, amended section 203(j)(4)(E) of the Federal Property Act (40 U.S.C. 484(j)(4)(E)) by striking out \$3,000 and inserting \$5,000. This raised the acquisition cost floor for donated items on which SASPs statutorily are required to impose additional restrictions beyond the minimum 1-year use requirement placed on all items of donated property. Section 201 of this statute also made minor changes to section 203(o) of the Federal Property Act (40 U.S.C. 484(o)) concerning GSA's annual report to the Congress on disposal of property.

38. Pub. L. 100-77, enacted July 22, 1987, amended section 203(j)(3)(B) of the Federal Property Act (40 U.S.C. 484(j)(3)(B)) to permit the donation of Federal surplus personal property to nonprofit, tax-exempt providers of assistance to homeless individuals. This law is known as the "Stewart B. McKinney Homeless Assistance Act."

39. Pub. L. 100-202 (See Pub. L. 99-83, #33).

40. Pub. L. 100-456 became effective on September 29, 1988. Section 324 of this FY 1989 National Defense Authorization Act amends 10 U.S.C. 2572 to allow the Secretaries of the military services or, in the case of the Coast Guard, the Secretary of Transportation, to lend or give certain documents, historical artifacts, and condemned or obsolete combat material, not needed by the military or the Coast Guard, to various veterans' associations, museums, State or foreign historical institutions, and similar organizations. The Secretary concerned also may exchange such items not needed by the armed forces for similar items held by any individual, organization, institution, or nation.

41. Pub. L. 100-472 (the Indian Self-Determination and Education Assistance Act Amendments of 1988) was enacted on October 5, 1988. It authorizes the Bureau of Indian Affairs (BIA) and the Indian Health Service (IHS) to "donate" to Indian tribes or tribal organizations the title to Federal personal property that is excess to BIA, IHS, or GSA. It also authorizes BIA and IHS to acquire excess or surplus personal property for such donation in connection with Indian self-determination contracts.

42. Pub. L. 100-612, enacted November 5, 1988, is known as the "Federal Property Management Improvement Act of 1988." The Act combined previous reporting requirements in section 203(o) of the Federal Property Act (40 U.S.C. 484(o)) and section 10 of Pub. L. 94-519 into a single biennial report on the operation of programs for the utilization and donation of Federal excess and surplus personal property.

43. Pub. L. 100-656 (the Business Opportunity Development Reform Act of 1988) was enacted on November 15, 1988. Section 301 amends section 7(j) of the Small Business Act (15 U.S.C. 636(j)) to allow the Small Business Administration (SBA) to furnish

"surplus property owned by the United States" on a "priority basis" to section 8(a) program small business firms participating in SBA's Capital Ownership Development Program. This law does not require the recipients to receive the property through the various SASPs.

44. Pub. L. 100-690, enacted November 18, 1988, amended section 203(j)(3)(B) of the Federal Property Act to extend donation program eligibility to nonprofit, tax-exempt drug abuse treatment centers. Section 5153 (title V, subtitle D), regarding drug-free workplace requirements, has been interpreted as requiring the individual SASPs to certify that they will maintain a drug-free workplace in order for the SASP to be eligible, under section 203(n) of the Federal Property Act, to receive surplus property for its own administrative use.

45. Pub. L. 101-44, enacted June 30, 1989, authorized the Secretary of the Navy to transfer a floating dry dock (located in Hawaii) and a medium tug (located in Subic Bay) to the Government of the Philippines.

46. Pub. L. 101-189 was enacted on November 29, 1989. Section 1208 of this National Defense Authorization Act authorizes the Secretary of Defense to transfer excess DOD property, including small arms and ammunition, directly to Federal and State agencies, without cost to the recipient agency, for use in counter-drug activities. This transfer authority was to expire on September 20, 1992, but was extended through September 30, 1997, by section 1044 of the FY 93 DOD Authorization Act, Pub. L. 103-484.

47. Pub. L. 101-302, enacted May 25, 1990, pursuant to section 210, mandates the Secretary of Defense to participate in an infrastructure improvement demonstration program conducted by the Regional Equipment Center, Newport Township, Pennsylvania, and to provide directly to the Center such mutually agreed upon property necessary to carry out the demonstration program.

48. Pub. L. 101-510, enacted November 5, 1990, authorizes Department of Energy research and development facilities to enter into partnership agreements with educational institutions in the United States and to transfer to such institutions equipment determined by the facilities to be surplus.

49. Pub. L. 102-245, enacted February 14, 1992, amended section 11 of the Stevenson-Wydler Technology Innovation Act of 1980 by adding a new subsection (i) authorizing Federal laboratory directors and agency and department heads to give research equipment that is excess to the needs of the laboratory, agency, or department to an educational institution or nonprofit organization for the conduct of technical and scientific education and research activities. Such property would not become surplus or available to GSA for donation through SASPs established by law for the purpose of distributing Federal surplus personal property to eligible recipients.

50. Pub. L. 102-396 was enacted on October 6, 1992. Section 9148 of this DOD Appropriations Act for FY 1993 directed the Secretary of Defense to participate in another infrastructure demonstration program conducted by a separate Regional Equipment Center in Cambria County, Pennsylvania (see Pub. L. 101-189, above). Section 9148 further authorizes that Secretary to transfer DOD personal property directly to the Cambria County Equipment Center. This statutory provision also authorizes the

Defense Logistics Agency to provide funding for the establishment of the equipment center.

51. EO 12821 of November 16, 1992, directs Federal departments and agencies to assist elementary and secondary educational institutions with mathematics and science education programs to meet the National Education goals. The EO requires that, among other things, executive agencies provide elementary and secondary schools, by direct transfer or donation through GSA, with excess or surplus education-related Federal equipment. The direct transfer authority comes from a 1992 amendment of the Stevenson-Wydler Technology Innovation Act (15 U.S.C. 3710(i)) (see Pub. L. 102-245, # 49). The EO also established the Coordinating Committee on Education-Related Federal Equipment to address issues or concerns that may arise in the implementation of the order.

52. Pub. L. 103-160 was enacted on November 30, 1993. Title XXIX, Subtitle A, of this National Defense Authorization Act for FY 1994 allows inventories of personal property located at military installations that are targeted for closure/realignment to be offered to local communities for reuse in accordance with approved community reuse plans. Section 3155 provides for the transfer of personal property and equipment located at Department of Energy (DOE) facilities to be closed or reconfigured which has been determined by the Secretary of Energy to be excess to the Department. Also, personal property and equipment, other than excess, where replacement costs do not exceed 110 percent of the costs of relocating the property or equipment to another DOE facility, may be transferred. The transfers may be for consideration of fair market value or less.

53. Pub. L. 103-337, enacted October 5, 1994, is known as the "National Defense Authorization Act for FY 1995." Among its provisions are the following:

- Section 379 of the law authorizes the transfer by DOD to a nonprofit educational institution or training school, on a non-reimbursable basis, any property in the possession of the institution or school when the educational program proposed by the institution or school for use of the property is deemed by DOD to be in the public interest. In a separate provision, this section also allows DOD, in cooperation with GSA, to transfer title to property that was loaned before December 31, 1993, to the borrowing educational institution or training school if the institution or school is still using the property.

- Section 1412 of the law, which is titled "Foreign Disaster Assistance," authorizes the Secretary of Defense, at the direction of the President, to provide disaster assistance outside the United States to respond to manmade or natural disasters when necessary to prevent loss of lives. Assistance provided under this section may include transportation, supplies, services, and equipment. The section does not specify or define the recipients eligible to receive such assistance.

- Section 2813 of the law, which is entitled "Clarifying and Technical Amendments to Base Closure Laws," contains provisions which would require the Administrator of General Services to delegate to the Secretary of Defense the Administrator's authorities, under sections 202 and 203 of the Federal Property Act, to transfer and donate excess and surplus personal property with respect to property located at military installations being closed or realigned. The Secretary of Defense would be required to carry out such delegated authority in accordance with all relevant implementing regulations then in effect, such as the Federal Property Management Regulations (FPMR).

54. Pub. L. 103-413, enacted on October 25, 1994, is known as the “Indian Self-Determination Act Amendments of 1994.” This law is a follow-up to Pub. L. 100-472, which is described above. This Act clarifies and expounds on Congressional intent regarding self-determination contracts and grants between the Departments of the Interior and Health and Human Services and Federally recognized Indian tribes and organizations. Among its various provisions, the Act deals with the acquisition of excess and surplus Federal property by Indian tribes, with the furnishing of screener identification cards to Indian tribes, and with the vesting of title to the property to the Indian tribes. The law gives the tribes greater authority to determine what property is needed for use in self-determination contracts and grants. The Act also places certain restrictions on the ability of the Departments of the Interior and Health and Human Services to promulgate implementing regulations for this law and Pub. L. 100-472. Donation of property to the tribes is one area in which the two sponsoring Federal Departments are allowed to issue such implementing regulations within the specified deadline.

55. Pub. L. 104-113 was enacted March 7, 1996. Section 9 of this law amended subsection 11(i) of the Stevenson-Wydler Technology Innovation Act of 1980 (15 U.S.C. 3710(i)) to add language that allows Federal agencies to loan or lease excess equipment in addition to donating it to authorized recipients.

56. EO 12999 of April 17, 1996, directs Executive agencies to give the highest priority to schools and nonprofit organizations serving pre-kindergarten through grade 12 students when transferring, through gift or donation, computers and related peripheral tools. It supersedes EO 12821 of November 16, 1992 (see #51, above).

57. Pub. L. 104-127, the Federal Agriculture Improvement and Reform Act of 1996, was enacted on April 4, 1996. Section 923 of the Act authorizes the Secretary of Agriculture to convey title to excess Federal personal property owned by the Department of Agriculture to: (1) any of the 1994 Institutions (Tribal colleges and universities); (2) any Hispanic-serving institution; and (3) any college or university eligible to receive funds under the Act of August 30, 1890 (1890 Land Grant Institutions), including Tuskegee University.

58. Pub. L. 104-201, the National Defense Authorization Act for FY 1997, was enacted on September 23, 1996. Section 1033 of the Act authorizes the Secretary of Defense to transfer excess DOD property, including small arms and ammunition, directly to Federal and State agencies for use by the agencies in law enforcement activities, including counter-drug and counter-terrorism activities. It also repealed section 1208 of the National Defense Authorization Act for Fiscal Years 1990 and 1991 (see Pub. L. 101-189, #46).

59. Pub. L. 105-27, enacted July 18, 1997, amended the Federal Property Act to authorize donation of Federal law enforcement canines that are no longer needed for official purposes to individuals with experience handling canines in the performance of law enforcement duties.

60. Pub. L. 105-50, enacted October 6, 1997, amended section 203(j)(3)(B) of the Federal Property Act to authorize the donation of surplus personal property to nonprofit organizations that provide assistance to impoverished families and individuals.

61. Pub. L. 105-85, the National Defense Authorization Act for FY 1998, was enacted on November 18, 1997. Division A, title X, section 1063 authorizes the Secretary of a military department to donate excess chapel property (furniture and other personal property) to churches damaged or destroyed by arson or other acts of terrorism.

62. Pub. L. 106-181, the Wendell H. Ford Aviation Investment and Reform Act for the 21st Century, was enacted on April 5, 2000. Section 136 of the Act requires any Federal executive branch, department, agency, or instrumentality to give priority consideration to a request made by a public agency for surplus property for use at a public airport.

63. Pub. L. 106-398, the FY 2001 National Defense Authorization Act, was enacted on October 30, 2000. Section 1706 allows DOD to transfer to State, local, and volunteer firefighting agencies excess personal property suitable for use in providing fire and emergency medical services, including personal protective equipment and equipment for communication and monitoring.

64. Pub. L. 107-217, enacted August 21, 2002, revised and codified without substantive change certain laws related to public buildings, property, and works as Title 40, United States Code, "Public Buildings, Property, and Works." Under this law, donation program provisions in section 203(j) of the Federal Property Act (40 U.S.C. 484(j)) were re-codified at 40 U.S.C. 549.

65. Pub. L. 107-273, the 21st Century Department of Justice Appropriations Authorization Act, was enacted on November 2, 2002. Section 11009, entitled the "James Guelff and Chris McCurley Body Armor Act of 2002," authorizes the head of a Federal agency to donate directly to any State or local law enforcement agency surplus body armor in serviceable condition that meets or exceeds the requirements of National Institute of Justice Standard 0101.03.

Source: The preceding Legislative History was developed collaboratively between the Office of Governmentwide Policy and the Federal Supply Service and provided to the Federal Asset Sales Team.

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