

Calendar No. 621

115TH CONGRESS }
2d Session }

SENATE

{ REPORT
{ 115-343

FEDERAL PERSONAL PROPERTY
MANAGEMENT ACT OF 2018

R E P O R T

OF THE

COMMITTEE ON HOMELAND SECURITY AND
GOVERNMENTAL AFFAIRS
UNITED STATES SENATE

TO ACCOMPANY

S. 3031

TO AMEND CHAPTER 5 OF TITLE 40, UNITED STATES CODE, TO
IMPROVE THE MANAGEMENT OF FEDERAL PERSONAL PROPERTY



OCTOBER 4, 2018.—Ordered to be printed

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Mr. JOHNSON, from the Committee on Homeland Security and
Governmental Affairs, submitted the following

R E P O R T

[To accompany S. 3031]

[Including cost estimate of the Congressional Budget Office]

The Committee on Homeland Security and Governmental Affairs, to which was referred the bill (S. 3031) to amend chapter 5 of title 40, United States Code, to improve the management of Federal personal property, having considered the same, reports favorably thereon without amendment and recommends that the bill do pass.

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I. PURPOSE AND SUMMARY

S. 3031, the Federal Personal Property Management Act of 2018, seeks to improve the management of Federal personal property by requiring Federal agencies to conduct an annual inventory and assessment of capitalized personal property, identify excess capitalized property, and regularly inventory accountable personal property.

II. BACKGROUND AND THE NEED FOR LEGISLATION

In February 2018, the Government Accountability Office (GAO) reported that most Federal agencies do not have policies or processes in place for identifying personal property excess to the agency's needs.¹ Personal property refers to property such as technology, furniture, and equipment.² GAO found that agencies typically only declare personal property excess when there is a triggering event, such as office moves or space reductions, rather than continuously identifying surplus items that could be sold or used by another agency.³

The report also found that the manner in which agencies classify their property as "accountable" or "capitalized" varies significantly from agency to agency, making it difficult to understand the value of the Federal Government's personal property inventory.⁴ Accountable property is that which is nonexpendable with a useful life of greater than two years, whereas capitalized property refers to more expensive items such as vehicles and machinery. These distinctions change the way these items are inventoried by the agency. A more consistent approach would lead to better management and disposal of personal property.

The Federal Personal Property Management Act of 2018 requires the General Services Administration (GSA) to develop standards that Federal agencies must follow to inventory and capitalize assets under their control and through that process identify capitalized assets that are no longer necessary. This methodology adheres more closely to private sector practice and allows for a prioritization of more valuable assets that are excess to the agency's needs.

III. LEGISLATIVE HISTORY

Senator Gary Peters introduced S. 3031 on June 7, 2018, with Senators Rand Paul, Doug Jones, and James Lankford. The bill was referred to the Committee on Homeland Security and Governmental Affairs.

The Committee considered S. 3031 at a June 13, 2018, business meeting. The Committee ordered S. 3031 reported favorably *en bloc* by voice vote. Senators present for the vote were Johnson, Portman, Lankford, Enzi, McCaskill, Carper, Peters, Hassan, Harris, and Jones.

IV. SECTION-BY-SECTION ANALYSIS OF THE BILL, AS REPORTED

Section 1. Short title

This section establishes the short title of the bill as the "Federal Personal Property Management Act of 2018."

Section 2. Federal personal property management

This section requires Federal agencies, in accordance with GSA guidance, to annually inventory capitalized personal property and

¹ Gov't Accountability Office, GAO-18-257, Federal Personal Property: Opportunities Exist to Improve Identification of Unneeded Property for Disposal (2018), available at <https://www.gao.gov/products/GAO-18-257>.

² *Id.*

³ *Id.*

⁴ *Id.*

to regularly inventory accountable property. It also requires GSA to set thresholds for acquisitions of personal property that will be considered capitalized or accountable.

V. EVALUATION OF REGULATORY IMPACT

Pursuant to the requirements of paragraph 11(b) of rule XXVI of the Standing Rules of the Senate, the Committee has considered the regulatory impact of this bill and determined that the bill will have no regulatory impact within the meaning of the rules. The Committee agrees with the Congressional Budget Office's statement that the bill contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would impose no costs on state, local, or tribal governments.

VI. CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, July 16, 2018.

Hon. RON JOHNSON,
Chairman, Committee on Homeland Security and Governmental Affairs, U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for S. 3031, the Federal Personal Property Management Act of 2018.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Matthew Pickford.

Sincerely,

KEITH HALL,
Director.

Enclosure.

S. 3031—Federal Personal Property Management Act of 2018

S. 3031 would require federal agencies to conduct an annual inventory and assessment of personal property under their control. Federal personal property includes everything other than real property—from office supplies to aircraft and motor vehicles. According to the Government Accountability Office, current law requires agencies to continuously review property they control and to identify unneeded personal property and dispose of it promptly. The General Services Administration has issued regulations establishing a governmentwide disposal process for unneeded property. In addition, the Office of Management and Budget provides guidance to agencies on efficient operations, emphasizing internal controls to ensure that agencies identify unneeded property.

Because the bill would clarify agencies' current requirements with respect to personal property, CBO expects that implementing S. 3031 would have no significant effect on the federal budget.

Enacting S. 3031 could affect direct spending by agencies that use fees, receipts from the sale of goods, and other collections to cover operating costs. Therefore, pay-as-you-go procedures apply. Because most agencies can adjust the amounts collected as their operating costs change, CBO estimates that any net changes in direct spending by those agencies would not be significant. Enacting the bill would not affect revenues.

CBO estimates that enacting S. 3031 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2029.

S. 3031 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act.

The CBO staff contact for this estimate is Matthew Pickford. The estimate was reviewed by H. Samuel Papenfuss, Deputy Assistant Director for Budget Analysis.

VII. CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with paragraph 12 of rule XXVI of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows: (existing law proposed to be omitted is enclosed in brackets, new matter is printed in italic, and existing law in which no change is proposed is shown in roman):

UNITED STATES CODE

* * * * *

TITLE 40—PUBLIC BUILDINGS, PROPERTY, AND ADMINISTRATIVE SERVICES

* * * * *

CHAPTER 5—PROPERTY MANAGEMENT

* * * * *

Subchapter I—Procurement and Warehousing

* * * * *

SEC. 506. INVENTORY CONTROLS AND SYSTEMS.

(a) * * *

(1) * * *

(A) * * *

* * * * *

(E) CAPITALIZATION THRESHOLDS.—Establish thresholds for acquisitions of personal property for which executive agencies shall capitalize the personal property.

(F) ACCOUNTABILITY THRESHOLDS.—Notwithstanding section 121(b), for the management and accountability of personal property, establish thresholds for acquisitions of personal property for which executive agencies shall establish and maintain property records in a centralized system.

* * * * *

Subchapter II—Use of Property

* * * * *

SEC. 524. DUTIES OF EXECUTIVE AGENCIES.

(a) REQUIRED.—Each executive agency shall—

(1) * * *

* * * * *

(11) * * *

(A) * * *

(B) * * *

(i) * * *

* * * * *

(xi) any additional information required by the Administrator of General Services to carry out section 623; **[and]**

(12) provide to the Federal Real Property Council and the Administrator of General Services the information described in paragraph (11)(B) to be used for the establishment and maintenance of the database described in section 21 of the Federal Assets Sale and Transfer Act of 2016; and

(13) *in accordance with guidance from the Administrator of General Services—*

(A) on an annual basis, conduct an inventory and assessment of capitalized personal property to identify excess capitalized personal property under its control, including evaluating—

- (i) the age and condition of the property;*
- (ii) the extent to which the executive agency utilizes the personal property;*
- (iii) the extent to which the mission of the executive agency is dependent on the personal property; and*
- (iv) any other aspect of the personal property that the Administrator determines is useful or necessary for the executive agency to evaluate; and*

(B) on a regular basis, conduct an inventory and assessment of accountable personal property under its control, including evaluating—

- (i) the age and condition of the property;*
- (ii) the extent to which the executive agency utilizes the personal property;*
- (iii) the extent to which the mission of the executive agency is dependent on the personal property; and*
- (iv) any other aspect of the personal property that the Administrator determines is useful or necessary for the executive agency to evaluate.*