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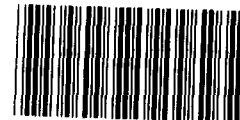


United States
General Accounting Office
Washington, D.C. 20548

General Government Division

B-249511

August 6, 1992



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The Honorable John H. Glenn, Jr.
Chairman, Committee on Governmental
Affairs
United States Senate

The Honorable William V. Roth
Ranking Minority Member, Committee
on Governmental Affairs
United States Senate

The Honorable John Conyers, Jr.
Chairman, Committee on Government
Operations
House of Representatives

The Honorable Frank Horton
Ranking Minority Member, Committee
on Government Operations
House of Representatives

You asked that we explore the feasibility of restructuring the federal government's approach to managing and disposing of assets targeted for disposition. As agreed, we focused on real property dispositions and attempted to identify potential cost savings that might accrue from various restructuring options, such as consolidating those activities into fewer agencies, organized by type of property--i.e., single family, multi-family, farms, commercial office space, etc. Over the past several months we have attempted to obtain the information necessary for such an analysis. However, those efforts have not been successful because agencies do not maintain data on a sufficiently comparable basis to make meaningful evaluations of the potential cost savings associated with different restructuring options.

We have discussed this matter with committee staff members, and in June 1992, agreed to discontinue efforts to do the requested work. We also informed your staff that OMB is currently working with the agencies to have them begin collecting comparable data. That work is

GAO/GGD-92-26R, Restructuring Real Property Dispositions

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being done under the Chief Financial Officers Act. If OMB is successful in this effort, the analysis you requested may be possible at some future date.

BACKGROUND

In September 1991 we reported on the fragmentation that exists within the federal government's disposition efforts.¹ We identified 14 agencies that were managing about 125,000 pieces of real property targeted for disposition and valued at about \$30 billion. We also reported that 18 congressional committees have jurisdiction over these dispositions. Currently we are analyzing about 60 statutory requirements that also impact on real property dispositions. We will issue a report on this effort when it is completed.

As a follow-on to our September 1991 report, we agreed to review real property dispositions in selected geographic areas to identify the potential cost savings and other benefits that might accrue from adopting different organizational frameworks for disposing of real properties.

APPROACH

We attempted to collect comparable cost data--e.g. program personnel, legal, accounting, data processing, repairs and maintenance, selling, etc.--from six major real property disposal agencies with offices in Atlanta, Georgia. These were: Department of Housing and Urban Development, Resolution Trust Corporation, Federal Deposit Insurance Corporation, Department of Veterans Affairs, General Services Administration, and U.S. Marshals Service. We intended to identify the costs of managing and disposing of the various types of real estate so they could be compared between agencies.

COMPARABLE DATA NOT AVAILABLE

Through discussions with agency officials and analysis of available data, we determined that comparable data was not maintained by the six agencies. To varying degrees, each agency maintained some of the data necessary to do the requested analysis. However, no agency tracked all in-house personnel costs associated with managing and disposing of real property. Personnel costs are a major component of total in-house costs.

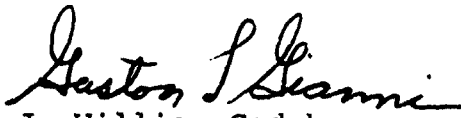
¹Asset Management: Governmentwide Asset Disposition Activities (GAO/GGD-91-139FS, September 27, 1991).

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Where data was not maintained, estimates would have been required. Some agencies were reluctant to provide estimates and others would not do so because they had no sound basis for making the estimates. We also had concerns over the reliability of some of the estimates that would have been provided. This is particularly true for those agencies managing more than one type of real property. These agencies were faced with making estimates of their overall cost for managing and disposing of real properties and then applying an estimate of the amount of time devoted to each type of real property to arrive at an estimate by property type. In essence, their estimates would have been estimates based on other estimates. Given the lack of reliable cost data the analysis would not produce information that would support any restructuring recommendations.

Also, summary information on contract costs related to real property dispositions were generally not available from the agencies. Such costs were not consistently rolled-up in any systematic manner. Contract costs would have had to have been obtained, at great expense, by reviewing the thousands of individual property case files.

If you have any questions, please call me at (202) 275-8387.

for 
J. William Gadsby
Director, Federal
Management Issues