EXCESS PROPERTY: A GOLD MINE OF OPPORTUNITY?

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Executive Summary

EXCESS PROPERTY: A GOLD MINE OF OPPORTUNITY?

The Department of Health and Human Services (DHHS) manages more than half a million personal property items for which acquisition cost exceeds $1.6 billion. Each fiscal year DHHS generates more than $30 million in excess property. Management of that excess property is governed by the Federal Property Management Regulations, which provide detailed guidelines. The Department must fully adhere to those regulations, which require it to screen excess property for reutilization within DHHS before disposing of it. DHHS wishes to improve its compliance with the regulations but at the same time to reduce the administrative cost of excess property reporting.

If the Department does nothing, it will continue to be in violation of the regulations. It can change its current system to eliminate the violation by requiring agencies that currently generate documents for reporting excess property to the General Services Administration (GSA) to first forward copies of those documents to the other DHHS agencies for screening. After a predetermined screening period, the reports could be sent to the GSA. That approach, however, is not practical and would be nearly impossible to control. We have identified three procedures that *are* practical.

As the first alternative, the Department's Acquisition and Logistics Research Staff could consolidate excess property information twice a month in hard-copy format or on disk and forward it to each agency for screening. This procedure is the least sophisticated of the three we describe, and while it is the least costly to implement, it is the most costly to operate in the long run because it does not reduce administrative costs.

Our second alternative is to install and operate a central excess property management system. That system could either be developed as a new system for DHHS, adapted from one of several such systems used by other Federal agencies, or developed in cooperation with GSA to serve as a front end to GSA's excess property

bulletin board, MUFFIN. This alternative would provide more timely information to the Department's agencies than the first, would require an initial investment of approximately $300,000 (if DHHS uses an existing system from another agency), and would marginally reduce the administrative cost of excess property reporting.

Our third alternative is to install a central property management system with an excess property subsystem. An existing Federal system could be used to minimize development costs, but the cost of converting all property records to the new system would be very high, and the concept of centralization would require acceptance throughout the Department. This alternative has the potential to provide the greatest savings, both from reutilization and from reduction of administrative cost, but it would also be the most difficult to implement.

Of the three alternatives, we recommend that the Department implement the second: a central excess property system. The Federal Aviation Administration has such a system and it could readily be adapted for DHHS use. It would bring the Department into compliance with the Federal regulations, improve its reutilization rates, and keep the cost of its excess property system manageable.

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CHAPTER 1

INTRODUCTION

BACKGROUND

The operating divisions, agencies, and regional offices of the Department of Health and Human Services (DHHS) operate 22 property management programs, accounting for more than 550,000 items of personal property whose total acquisition value exceeds $1.6 billion. DHHS programs generate over $30 million worth of excess personal property each fiscal year. Included in the Department's annual inventory of excess property is a variety of items that range from inexpensive office furniture to costly medical and laboratory equipment whose acquisition cost can exceed several hundred thousand dollars.

The Federal Property Management Regulations (FPMR) require Federal agencies to screen excess property internally before reporting it to the General Services Administration (GSA) for Federal-level screening. The regulations also require that Federal agencies use excess property as the first source for filling new equipment requirements. Most DHHS property management staffs screen new equipment procurement requests against internal excess property listings. If no suitable substitute exists, the agency's procurement staff processes the request. However, the Department's decentralized management organization and its lack of an integrated property management information system do not encourage Department-wide screening of excess property. Therefore, DHHS agencies do not screen excess property with each other, and the Department is technically in violation of the FPMR.

Property management staffs in Federal agencies ensure compliance with the FPMR by following some fundamental procedures. Agencies need to account for property when it is being used; when it is no longer required, it needs to be transferred from active property status to excess status. Next, excess property is screened internally within the owning agency for immediate reuse. After the agency determines that it no longer requires an item, the item is screened throughout the Department before being reported to GSA for Federal-level screening and final

disposal action. These steps are systematic and ensure that the requirements described in the FPMR are satisfied.

The current level of excess property information exchanged between property programs is beneficial to each DHHS agency, but it falls short of satisfying the Department's needs. The Acquisition and Logistics Research Staff (ALRS) recognizes a need to provide excess property information to the entire Department. This report examines methods to meet that need, including the feasibility of its using an automated system that would enable DHHS agencies to share excess property information with each other.

GENERAL CONSTRAINTS AND ASSUMPTIONS

Property is managed in a highly dynamic environment. To help in developing potential alternatives, we identified the following constraints and assumptions to be used in our analysis:

- *Departmental excess property objectives.* We assume that the Department has three objectives for excess property management:
  - Compliance with the provisions of the FPMR
  - Increased operating efficiency
  - Increased savings through improved reutilization of the Department's assets.

  Excess property procedures and systems should be designed to make it easier for the Department to meet its objectives.

- *Lack of compatibility among DHHS property systems.* Current property management systems in the Department are not compatible with each other. The proliferation of data-base application programs being used to manage personal property makes integration of current systems burdensome (system profiles are shown in Appendix A). The data elements being used are not universally configured and a direct exchange of information between agency property systems is not possible. Therefore, automation of excess property information at a departmental level would require a centralized data base for compiling and disseminating information. A matrix of data elements is included as Appendix B.

- *Property maintained in the system.* An automated system should maintain information on all excess property that can be reported to GSA on the Standard Form 120 (SF 120), *Report of Excess Personal Property*, or SF 126, *Report of Excess Personal Property for Sale.* Much of the property that is

reported to the GSA as excess either requires repairs or is not serviceable. Some agencies already report items that require repair directly to the GSA without retaining them for inspection by agency personnel. We reviewed DHHS reports to GSA for 5,000 items and found that more than 40 percent of the items were classified as Condition Codes 6 (used—poor condition) or worse. Many property managers and clerks we talked with said that a lot of the property turned in as excess is not worth holding for inspection because it is never reutilized. We agree, and we also believe that some items should be reported immediately to GSA as excess property instead of being retained for DHHS screening.

- *Excess property management in the Public Health Service (PHS).* In the PHS Parklawn Building in Rockville, Md., items that are determined to be excess property are turned over to the control of the Office of the Assistant Secretary for Health (OASH) for processing with GSA. That creates a unique position for PHS that the other operating divisions do not experience.

  Since items will be transferred from agencies such as the Food and Drug Administration (FDA), the Health Resources and Services Administration (HRSA), and others to OASH, either PHS or DHHS needs to determine when and how responsibility for those items will be shifted. Agency property managers are concerned that accountability for excess property items may suffer if transfers are not managed properly and with consistency. If data entry is required, then OASH is concerned about its additional workload. An automated system could alleviate some of that concern by electronically generating transfer documents.

- *Transfer of property between regions.* A DHHS regulation prohibits the transfer of personal property between regions. That regulation does not permit agencies to take advantage of economies associated with transferring high-cost items between geographically distant offices.

- *Office of Information Resources Management (OIRM).* The OIRM has two potential roles in the property utilization and disposal process. First, it oversees the GSA-mandated program (Federal Information Resources Management Regulations) to maintain an inventory of automated data processing equipment (ADPE). Transactions that involve those items need to be screened by OIRM. Second, OIRM needs to participate in any decision process that leads to implementation of new systems costing more than $150,000 in the Department.

- *Risk measurement in automated alternatives.* The OIRM has determined that all system projects have financial risk associated with them. In the Department's draft *DHHS IRM Guide* dated March 14, 1991, OIRM defines two quantifiable areas of risk associated with development and implementation of a system as the likelihood of failure and the consequence of failure. In this report, we consider that an existing automated system

installed and operational at a Federal agency constitutes a lower risk than a system that is being designed specifically for DHHS. This assumption is based on information presented in Paragraphs d and e in Appendix B of the *DHHS IRM Guide*. Besides the implementation cost differential, the probable risk of failure is considered by OIRM to be lower in an existing system than it is in a new system.

- *Compatibility with GSA*. Any system that the Department designs to interface with GSA should be compatible with the Federal Supply System-23 (FSS-23), which maintains GSA's data base of Federally reported excess property. GSA uses FSS-23 to manage excess property and update its excess property bulletin board, referred to as MUFFIN. A data element dictionary from the FSS-23 is included as Appendix C. Since GSA is planning to upgrade FSS-23, automated systems development in DHHS should be coordinated with Service representatives of GSA to ensure consistency with any changes in its system. A comparison of the GSA automated record format and the data elements collected by DHHS agencies is included as Appendix D.

- *Contract movers*. Most DHHS agencies use contract movers to transfer excess property from user locations to property warehouses. In many cases, items have been damaged between their user points and the warehouse to which they are being delivered. Since the personnel who release the property to the movers are usually not those who accept it from them, the releasing personnel do not have control over the condition of the property when it reaches the storage facility or the GSA receiving point. This control issue needs to be addressed, perhaps by using incentive contracts designed to protect Government property.

- *All costs are expressed in then-year dollars*. We computed and escalated costs using DoD inflation rates for labor or operations and maintenance. We did not conduct a present value analysis for costs used in this study. The DoD rates chosen were derived from Office of Management and Budget guidelines, making them appropriate for use in this study.

REPORT ORGANIZATION

This report examines how excess property information in DHHS is managed and compares alternatives for Department-wide screening. The cost/benefit analysis of the current system and the Department's alternatives for sharing excess information are presented in Chapter 2. In Chapter 3, we present the OIRM policy guidelines for implementing new automated systems. Finally, our conclusions (including a description of features available in automated systems) and recommendations are presented in Chapter 4.

CHAPTER 2

ALTERNATIVES

INTRODUCTION

Typically in DHHS, when an agency no longer needs an item, Property Management Officers (PMOs) report it as available excess property directly to GSA after a short internal screening period. Sometimes agency PMOs share information about newly generated excess property informally with their counterparts. Unfortunately, those counterparts are usually PMOs in other Federal agencies. Almost no Department-wide screening of DHHS excess property takes place.

The current DHHS operating practices with respect to excess property have two major shortcomings: they do not comply with Federal regulations or DHHS policies and DHHS is not fully utilizing its personal property. The FPMR requires Federal agencies to screen excess property internally before reporting it to the GSA. DHHS does not do so and needs to change its operations to comply with Federal regulations and with its own policies. Further, the Department routinely generates over $30 million worth of excess personal property each fiscal year. Since its property management systems are not linked, the PMOs have little opportunity to share information on that excess property.

MISSED OPPORTUNITIES

The lack of information and limited interaction among PMOs mean that property that could be used within DHHS is often sent to another Federal agency, donated, or sold. The following examples of missed opportunities for reutilization during the past year represent but a few of many opportunities that were overlooked because excess property is not screened Department-wide:

- The Centers for Disease Control (CDC) are actively transferring, selling, and donating excess WANG™ work stations to Federal agencies and other organizations despite the fact that the Indian Health Service (IHS) still uses WANG work stations and needs more of them. The IHS Property Management Branch (PMB) staff did not know WANG work stations were available at CDC.

- CDC still uses newer models of the IBM Selectric Self-Correcting Typewriters. The National Institutes of Health (NIH) had 241 Selectric and electronic typewriters in its excess inventory during December 1990 with an acquisition value of $325,400. CDC was not aware of the NIH items.

- We reviewed the FY90 *GSA Excess Property Report and Transfer Extract* dated 1 October 1990. In that extract, we found that the FDA, NIH, CDC, and Alcohol, Drug Abuse, and Mental Health Administration (ADAMHA) combined to report 1,725 items in Federal Supply Group (FSG) 66 (Instruments and Laboratory Equipment) that were valued at over $4.2 million. During the same fiscal year, HRSA obtained 70 items in FSG 66 with an acquisition value of over half a million dollars. While all 70 items may not have been available through DHHS excess, some probably were. HRSA has no routine way of knowing what the other agencies declare as surplus.

- The same report also indicated that DHHS agencies reported nearly 3,500 items to GSA as excess in FSG 71 (Furniture) with an acquisition value of over $1.5 million. During that same time, HRSA obtained 552 items that were listed as excess in FSG 71 by other Federal agencies with an acquisition value of over $409,000. Since FSG 71 includes such items as office furniture and filing cabinets, we believe that internal DHHS transfers would have been possible and more cost-effective.

- In FY91, NIH declared a $1 million x-ray machine to be excess. The Department of Veterans Affairs acquired that machine even though the IHS has reported a need for $3.7 million worth of x-ray equipment for FY91 and $2.8 million worth in FY92. IHS was not aware of the NIH declaration of excess.

- In FY90, DHHS reported $13,409,800 worth of excess property to GSA. During the same time, DHHS agencies utilized $5,947,400 worth of excess property from other Federal agencies. Transfers among DHHS agencies, however, were virtually nonexistent. Some of the property obtained by DHHS agencies from other Federal agencies was very likely available elsewhere in the Department.

The DHHS must change its current operating procedures in excess property management. We found the following procedures that can help the Department meet its objectives:

- *Paper-bound system.* Two methods exist for managing excess property in a paper-bound system. The first is to continue current procedures, taking only those steps that ensure compliance with the FPMR. The second method is to produce a catalog.

- *Centralized excess management system.* In this chapter, we describe three approaches to centralized excess management. In all approaches, excess property information is maintained in a centrally managed automated information system.

- *Centralized property management system.* This alternative consists of managing all active and excess property in a central automated information system for all DHHS agencies.

Several other Federal agencies use centralized automated excess property systems. In fact, we visited the Department of Energy (DOE), the Federal Aviation Administration (FAA), the Department of Commerce (DOC), and the National Aeronautics and Space Administration (NASA), and all have central excess property systems. All four are mainframe-based systems; the DOE and FAA systems are stand alone and the DOC and NASA systems operate as components of their agencies' personal property systems. We will make reference to these systems periodically throughout our report.

The rest of this chapter briefly describes current excess property management procedures in DHHS, develops the Department's alternatives in detail, and briefly summarizes the operating costs and capabilities of the alternatives.

CURRENT PROCEDURES

The Department's property managers estimate that the utilization and disposal of excess property requires the equivalent of 30 years of effort each fiscal year. The DHHS property managers disposed of over $312 million in idle property in FY90. [That figure is skewed significantly by a Social Security Administration (SSA) effort involving replacement of computer equipment.] On average, DHHS agencies dispose of over $30 million in excess property each fiscal year. Based on a review of excess property reports for the first 6 months of FY91, we estimate that the Department will dispose of about $40 million worth of excess property in FY91 if it maintains its current rate. The number of items reported excess to users' needs throughout the Department will exceed 25,000 during the fiscal year.

The Department's internal reutilization rate for excess property is not as high as it could be. Property managers estimate it to be 3 to 20 percent in their respective agencies. The agencies with higher rates are small and have fewer financial resources than the others; hence, they are more inclined to use excess property than to purchase new equipment. However, the OASH property manager, who manages

excess property through the disposal, donation, and sales cycle for several PHS agencies in the Washington, D.C., area, told us that his reutilization rate for items turned in to the OASH warehouse is 3 percent. The NIH reutilization rate is about 5 percent, according to its property management personnel. Those two agencies generate approximately 12,000 excess items with an acquisition value of over $20 million every fiscal year – almost half of the items and nearly two-thirds of the value of excess property generated in DHHS each year.

Departmental excess property is reported to GSA from at least eight sources in the Washington/Baltimore area. The CDC; the 12 IHS area property managers; FDA and SSA field offices; the Perry Point Supply Service Center; HRSA's Carrville, La., facility; and Regional Administrative Support Centers (RASCs) all report excess property to their GSA regional field offices. Although many of the operating division and agency property management programs are centrally maintained, excess property management procedures in most of them are decentralized. When an agency's field office reports idle property to the GSA regional office, it also informs the agency property management staff of the report so that property records can be updated when an item has been donated, sold, transferred, or otherwise released from agency custody.

Some agencies have signed interagency agreements with GSA to expedite the disposal of excess property. One such agreement was signed by the Health Care Financing Administration (HCFA), to expedite delivery of excess furniture to a GSA facility in Philadelphia, Pennsylvania. Other agencies, such as the Office of Human Development Services (OHDS), have received limited authority from GSA to conduct small lot sales. No Department-level agreements have been made, however, leaving excess property management programs throughout DHHS inconsistently managed.

Although all agencies screen excess property internally, only NIH screens it Department-wide. However, since NIH allows only limited time for screening, most agency property managers in DHHS do not visit the NIH warehouse to examine items. Marketing of excess property within DHHS agencies is also limited. In fact, the FDA is the only DHHS agency that has a fully automated excess property information system in which its field office property managers can share data on available excess property. It does so using electronic mail for agency-wide screening.

An excess property subsystem has been developed for use with the FDA property management system, but it has not yet been installed in all of FDA's field offices.

In many instances, DHHS agencies have developed better relationships with other Federal agencies than they have with Departmental agencies. The Department needs to choose an alternative method of excess property management that will encourage compliance with regulations requiring that excess property be screened internally before it is reported to GSA for Federal agency screening.

LEGAL BASELINE

Description

The "legal baseline" is the current procedures for managing excess property with one change. That change would be an internal screening procedure that would place DHHS in compliance with the FPMR requirement that excess property be screened internally before being reported to GSA for Federal agency screening. Agencies would reproduce all SF 120 (*Report of Excess Personal Property*) and SF 126 (*Report of Personal Property for Sale*) originals and mail copies of them to the other DHHS agencies for review (see Figure 2-1). The agencies would refrain from forwarding the reports to GSA during a mandatory Departmental screening period of 21 days, during which the owning agency can conduct concurrent internal screening. After the 21-day Departmental screening period has elapsed, the agency can forward the reports to GSA for entry into the Federal agency screening program.

Since the OASH property management staff accumulates and reports items to GSA for several PHS agencies, it will be required to reproduce and distribute copies of the excess property reports to the other agencies in the Department for excess property it manages through final disposal.

Costs

Current

The current system of managing excess property requires that agencies provide hard-copy reports to GSA to determine the disposition of idle property. Based on information from the DHHS property managers, we estimate that the Department generates approximately 4,100 SF 120s and SF 126s each fiscal year. That figure does not, however, include output generated by the RASCs or SSA's field offices.

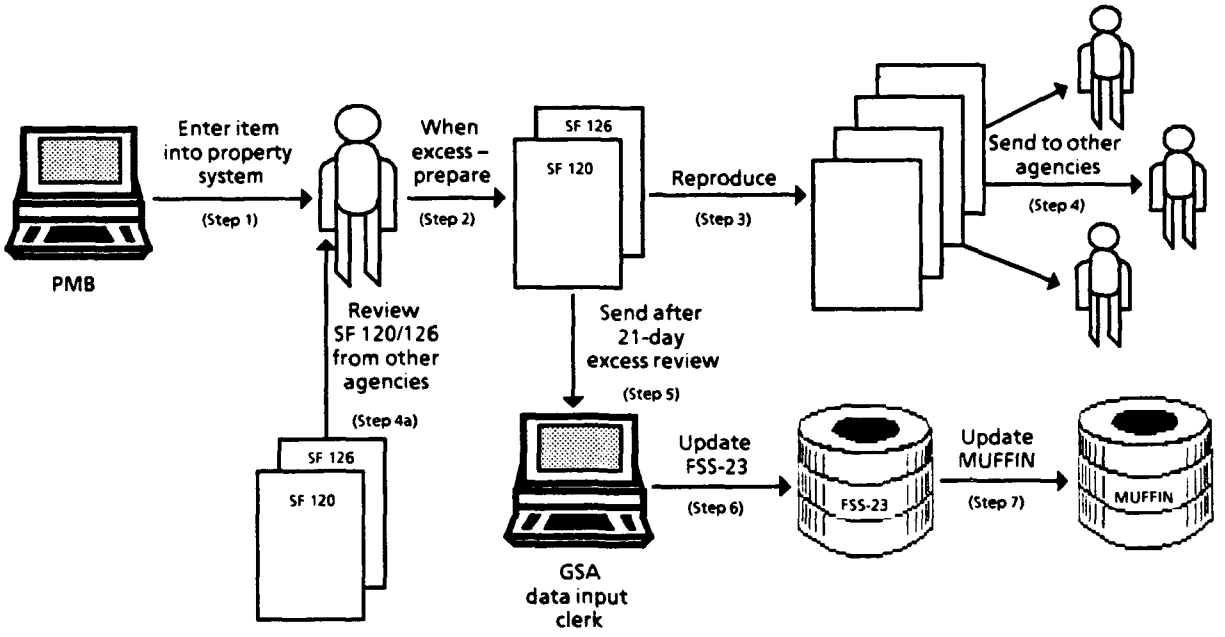


FIG. 2-1. LEGAL BASELINE PROCEDURE

From a survey of agency representatives, we determined that the average time required to fill out an SF 120 is 15 minutes; thus, the labor effort expended to fill out the standard forms to report excess property to GSA is about 1,025 hours a year. The average grade of a staff member used to complete the forms is a General Schedule-9 (GS-9). The salary for a mid-grade GS-9 is $13.97 per hour plus 14 percent for fringe benefits payments. (The source for fringe benefits overhead cost is the budget office in the Office of the Secretary of the DHHS.) Therefore, the cost of preparing the forms required to report excess property to GSA in FY91 dollars is $16,300.[1] At that rate, over a 10-year period, DHHS agencies would spend a total of $199,000 in labor costs to generate reports to GSA.

Recurring

Reproduction. This baseline procedure requires that each agency reproduce and mail copies of SF 120 and SF 126 documents to the other DHHS agencies before forwarding them to GSA. Copies of the excess reports will be sent to those agencies listed in Table 2-1. Reproduction costs will be $2.04 for each form distributed to 37 offices throughout DHHS. The total cost of reproduction in FY91 would be

[1] All costs in this chapter are given in FY91 dollars.

$8,300, at a rate of 5.5 cents per copy. Over a 10-year period, reproduction costs will be $101,200.

TABLE 2-1

DHHS AGENCIES RECEIVING COPIES OF EXCESS REPORTS

Acquisition and Logistics Research Staff
Office of the Secretary, Material Management Branch
Social Security Administration
Health Care Financing Administration
Administration on Children and Families (2 copies)[a]
Office of the Assistant Secretary for Health
Alcohol, Drug Abuse, and Mental Health Administration
Centers for Disease Control
Health Resources and Services Administration
National Institutes of Health
Food and Drug Administration
Food and Drug Administration – Scientific Equipment
Agency for Health Care Policy and Research
Indian Health Service
Indian Health Service Area Offices
Regional Administrative Support Centers

[a]Currently, the Family Support Administration and the Office of Human Development Services components both operate property management programs.

Postage. The cost of postage in this alternative could be as high as $10.15 per form if 37 copies of each are mailed. Still, mailing the forms to each office in the distribution list is less costly than sending them over a facsimile machine and requires less labor. We estimate that each form will require 10 minutes of labor, making labor costs $10,900 per year. The total cost of mailing copies of the forms to the 37 locations on the distribution list at the current rate of 29 cents for first class postage is $44,000 per year. Since first class postage rates increase every 4 to 5 years, we included two postal rate increases in our calculations. We estimate that the incremental mailing costs over 10 years can reach $618,100.

Storage. The Departmental screening period will be 21 days, which will allow concurrent screening by the Department and the owning agency. Concurrent

screening will limit the length of time that idle property is held before it is reported excess to GSA. The FPMR allows GSA 180 days in which to provide disposition instructions for excess personal property. By adding 21 days to the front end of the Federal screening process, the Department will increase the length of time that items will be held in storage by 12 percent. We have found that DHHS agencies use approximately 85,000 square feet of storage space to maintain excess property awaiting final disposition. At an estimated rate of $6.50 per square foot to lease and maintain warehouse space, the total cost applied to maintaining an additional 10,000 square feet of space is $65,000 for the first year. We estimate the 10-year cost of storage in the legal baseline alternative to be $696,200. The labor component associated with the additional storage space is negligible because the flow of excess property into the screening cycle is not expected to increase with the length of the storage period.

Organizational Impact

The legal baseline procedure does not provide the Department with a streamlined method for reporting excess property to GSA, nor does it facilitate a workload reduction in the property management programs. By doing the minimum to comply with the FPMR, DHHS agencies will, in fact, increase workload requirements. The cost of operating the Department's excess property programs will increase by $128,200 in the first year of implementation. Maintenance of that effort will cost DHHS $1,415,400 during the next 10 years in reproduction, postage, and storage facility costs. Other alternatives, while more costly, can improve program efficiency.

Although the legal baseline procedure will probably improve DHHS reutilization, the Department staff will not gain greater control over management of idle property than it currently has. Agencies will continue to manage their excess property inconsistently and duplicate effort will continue in DHHS.

Finally, the legal baseline procedure does not reduce the volume of paperwork circulated by DHHS agencies. In fact, it increases the volume substantially and does not take advantage of existing technological tools designed to improve information transfer and eliminate paperwork. It does, however, give DHHS compliance and it increases reutilization.

Benefits

The legal baseline procedure will provide the Department with some benefits over the current method of managing excess property. The benefits are more qualitative than they are quantitative. Some of them are discussed in the following subsections.

Compliance

The legal baseline procedure would facilitate compliance with the FPMR requirement that Federal agencies screen excess property internally before reporting it to GSA for entry in the Federal screening program.

Internal Reutilization

The legal baseline procedure may enable the Department to improve the current level of internal reutilization. The Department's programs achieve between 3 and 20 percent reutilization levels without sharing information. A 1 percent increase in the DHHS internal reutilization rate could offset the cost of implementing a Department-wide screening program. Since the Department's agencies historically generate over $30 million in excess property each fiscal year, a 1 percent increase in the internal reutilization rate Department-wide would save DHHS $300,000 in new procurement expenditures. Over 10 years, that would amount to more than $3.6 million.

Cultural Acceptability

Although the legal baseline procedure would facilitate Departmental visibility of excess property information, it would not promote centralized control of excess property programs. Program control remains decentralized at the operating division and agency level where it currently exists.

Cost Surge

The cost of maintaining the legal baseline procedure would not require an initial investment on the part of any DHHS agency. When storage requirements increase as a result of the lengthened screening period, additional storage space can be phased in as needed. Although public storage is costly, agencies requiring increased warehouse space could lease such facilities for short periods of time until

they could determine additional space requirement accurately and obtain facilities to meet their needs. No other large initial investments should be necessary.

Training

Unlike the remaining alternatives, the legal baseline does not require training in new procedures. The additional workload under this alternative does not require special skills. Since change is minimized in this alternative, property management personnel who manage excess equipment do not face the confusion inherent in implementation of a new procedure.

ALTERNATIVE 1A: PRODUCE A PAPER CATALOG

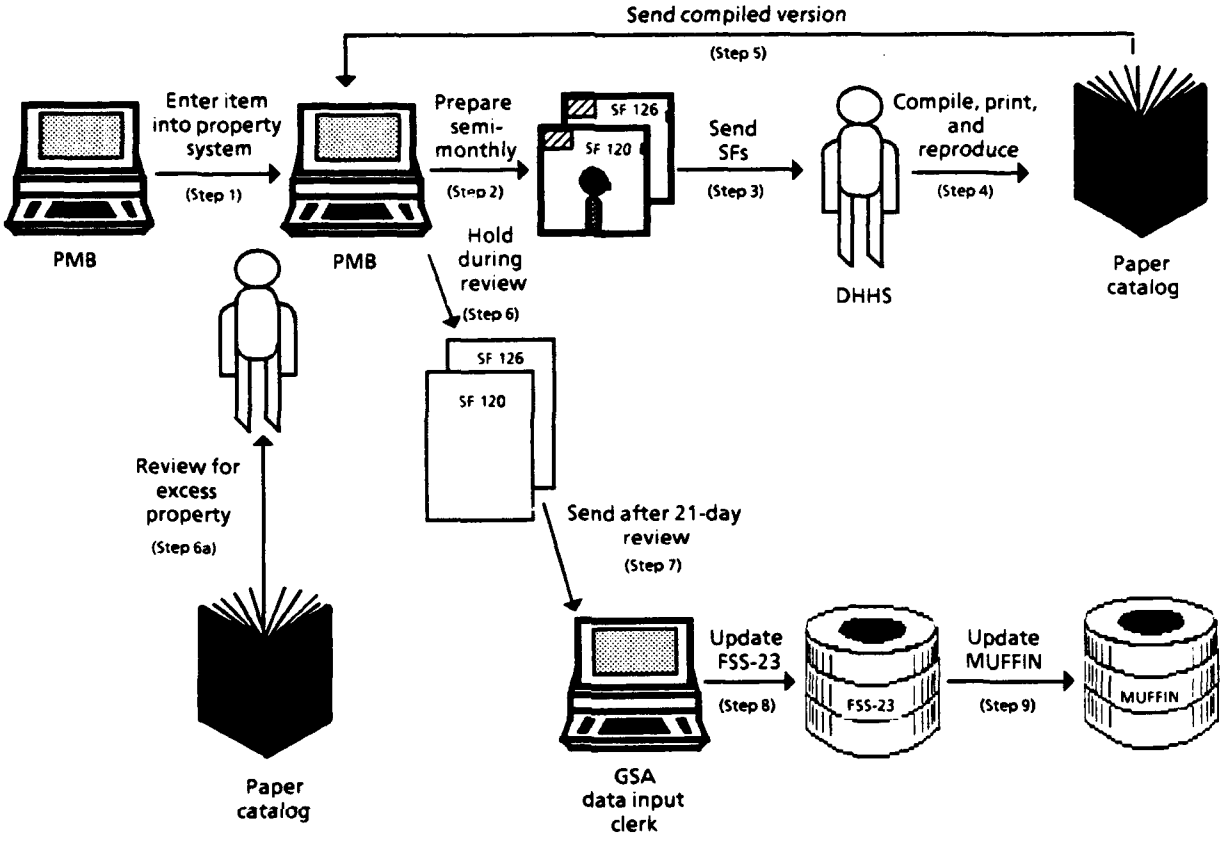
Description

While the legal baseline procedure brings the Department into compliance with the FPMR, its ability to improve reutilization is limited. Furthermore, it does not improve the Department's operating efficiency. The Department could improve reutilization and operating efficiency by adding the capability to generate forms and by producing a catalog of excess items twice a month.

The key difference between Alternative 1A and the legal baseline is the use of a computer program that helps generate SF 120s. The Department will develop one computer program that will be given to all PMBs and will reside on a personal computer (PC). The information on an SF 120 that rarely changes, such as point of contact, will be "hard coded" for each agency to decrease typing time. The program also will save information for consolidation in the Department's annual report to GSA.

Figure 2-2 illustrates the work flow for Alternative 1A. Instead of producing a paper copy of the SF 120, the clerk will enter the SF 120 information into the computer, and that information will be saved to a file. When the PMB staff receives final disposal instructions, a code indicating the means of disposal will be entered, and that information will be used to produce the annual GSA report.

Twice a month, the PMB staff will run a computer program to copy information from the permanent file to a disk. All items for which disposal information has not been entered will be copied to the disk and sent to a central location in the Department. At most, several thousand records will be copied, generally fitting onto



Note: Steps 2 through 5 will take 25 days to complete.

FIG. 2-2. PAPER CATALOG PROCEDURE

one high-density disk. OASH is the only agency that may need two high-density disks.

The Department-level person will then combine all the files, sort the items by Federal supply classification (FSC), and print a master copy of a Department-wide catalog. That catalog will be reproduced and sent to the appropriate persons. We recommend that 85 copies be produced (two per property office and one per procurement and IHS area office).

Twenty-one days after receipt of the catalog (the DHHS screening period) in which an item first appears, the clerk at the agency that owns the property will print a copy of the SF 120 for that item (the information will be stored on the computer) and will send the form to GSA. Standard GSA procedures will begin at that point.

One advantage to Alternative 1A is that it requires no special interface with the Department's existing property systems. Also, all the excess property data would be similarly formatted.

Costs

Nonrecurring

Applications Programming. Producing a paper catalog using the method we described will require software development. All software development costs discussed in this report assume a wage rate equivalent to that of a GS-12, Step 5 ($42,300) plus 14 percent overhead. Alternative 1A presents a simple programming problem; it will take a GS-12 programmer 2 months to develop the program, and the cost will be $8,000.

Training. The PMB staff will have to be trained in the use of the applications software. Since the programs will be straightforward, a training manual can meet the Department's needs. The manual will be written by the applications programmer and will add an additional $4,000 to the development costs. Reproduction and distribution of the manual will cost $600.

Software. The Department will also have to buy a software package to program the application. For this application, we recommend using a data-base package such as Foxpro™ or Paradox™. Those packages allow data entry, data manipulation, and report production. In other words, one package can perform all the functions necessary to produce a paper catalog. New versions of those software packages have the additional advantage of producing either "exe" or "runtime" files. Those types of files allow a user to run the program without the original software package. Therefore, the Department will only have to buy one copy of the data-base software. The Department can expect to pay about $500 for either Foxpro or Paradox.

Hardware. The Department will need to make hardware investments. All the system users, except IHS, have the appropriate hardware to run the proposed application. The Department needs to buy a PC for the IHS PMB staff and each IHS area office (13 PCs in all). We recommend buying 386SX PCs because they will be compatible with the OIRM plan for future acquisitions. When buying computer equipment, it is imprudent to invest in equipment that will quickly become obsolete. A 16-MHz computer with a 40-Mbyte hard disk, monitor, keyboard, and Windows™

software (which includes word processor and communications software) currently costs $3,200. A reasonable quality, dot-matrix printer costs about $400. Thus, the total hardware investment for this alternative is $47,400. Of course, that hardware investment will be of benefit to more than merely the excess portion of IHS property management.

Personnel in IHS will need more extensive training than that provided by a manual; they should receive hands-on training at a central location. Two to three days will be adequate to cover general PC use, Windows, and the applications program. Training for 2.5 days for 13 GS-12, Step 5 IHS personnel will cost $9,000. That figure does not include costs for course instructors or materials.

Recurring

Reproduction. Alternative 1A requires that PMB staff copy a file to disk and send it to the Department. The Department will create a paper catalog and send it to agency property and procurement offices. The disk cost, especially if the Department occasionally returns disks to users, will be insignificant. The PHS reproduction center estimates that a 300-page document that is photocopied on 3-hole paper and stapled (with a front and back cover) will cost $7.50 per copy to produce. The total annual reproduction cost under this alternative is $15,300.

Postage. The Department will pay postage for the disks and the catalog. Both should be sent by first class mail because it is important to maintain the timeliness of the information. Annual postage for the disks will cost $330. Postage for each catalog will cost about $3.50, with total annual cost of $7,100.

Additional Personnel. Producing a paper catalog will require additional work from the Department staff. The staff will be responsible for combining files, producing the catalog, and overseeing reproduction and distribution of the catalog twice a month. That extra work will take about 24 hours a month. The resulting annual personnel cost will be $9,300 at a GS-14, Step 5 level.

Storage. As with the legal baseline procedure, Alternative 1A will add 21 departmental screening days. Producing a paper catalog twice a month will add another 19 to 31 days to the storage period. About 2 weeks will elapse between the time the disks are sent to the Department and the time the PMB staff receives its catalog. Depending on when an item is declared excess, up to 12 days could pass

before it is reported to the Department. Alternative 1A would increase storage time by an average of 45 days, or 26 percent, adding $141,400 to the current storage costs. This alternative procedure increases storage time more than any other proposed alternative. One of the strongest opinions expressed by PMOs that we interviewed during this study was that a new excess system should not increase storage time. The PMB staff may resist this alternative because it adds about 45 days to the property holding time.

Transportation. Alternative 1A is likely to increase the Department's reutilization rate by more than the legal baseline. Yet, lack of information is not the only barrier to higher reutilization within the Department. Since not all DHHS agencies have access to trucks, even if an agency wants an item, it may not have transportation available to move it. Generally, contracting to move single items is not economically worthwhile. Therefore, if it selects Alternative 1A, the Department should lease one truck per year to be shared by all agencies within the Baltimore/ Washington metropolitan area. A truck with two drivers (needed for moving) will cost $120,000 per year. Transportation in other areas will also increase but will require using Government bills of lading (GBLs) and would be subject to intrastate or interstate freight rates. We did not estimate those costs.

Organizational Impact

Alternative 1A suffers from some of the same shortcomings as the legal baseline. While both procedures allow the Department to comply with the FPMR, neither promotes compliance with the Indian Self-Determination Act [Public Law (P.L.) 93-638], which requires that American Indians be given priority screening privileges. Priority screening would give American Indians preference in claiming available excess property. It will be extremely difficult to implement priority screening in those alternatives.

Both alternatives also maintain the duplication of system's development within the Department. Operating multiple computer systems means that the Department expends unnecessary resources. The use of multiple computer systems also discourages PMB staff from discussing problems and sharing solutions with each other.

Maintaining multiple systems also affects the Department's relationship with GSA. The Department as a whole would see an improvement in GSA's responsiveness if it insisted excess property be managed consistently throughout DHHS.

While this alternative adds some efficiency improvements, it does not allow either the PMB staff or ALRS to produce management reports. Therefore, this alternative limits management's ability to improve property management by obscuring valuable information.

The paper catalog is prone to delays. We believe the time delays we show are realistic. Still, this alternative requires a lot of manual intervention. If one PMB is late in sending its data or if the Department-level employee is involved with other priorities, further delays can occur. Those delays will increase storage times and make the catalog information less current.

On the positive side, Alternative 1A may appear less paper-intensive than the legal baseline, and the PMB staff will not support procedures that they find cumbersome. While this alternative is as paper-intensive as the legal baseline, its product – a catalog – is easier to use than random copies of SF 120s. Therefore, property managers are more likely to use this alternative than the legal baseline.

Benefits

Implementation

The initial investment cost of $70,000 for software development, hardware and software purchase, and training is low for this alternative. Furthermore, it can be phased in: a few agencies can test the new method and then the rest of the Department can participate after any problems are resolved. Since this alternative has a low cost, only makes small changes to current procedures, and can be phased in, it represents a low-risk investment to the Department.

Reutilization

A paper catalog is likely to significantly increase reutilization within DHHS. Since such catalogs are easy to use, property managers will use them. Other Federal agencies that screen property through catalogs and on line have found that PMOs rely more on the paper catalog than the computer system.

While program managers (PMs) are likely to use a paper catalog, the format of the catalog limits a PMO's ability to search for a needed item. Looking for a specific item will be a tedious process requiring the PMO to sort through many inapplicable items. Because it will take about a month to produce a catalog, opportunities to reutilize items may also be missed. A procurement could be processed after an item has been declared excess but before the catalog is produced.

An important point is that under Alternative 1A, DHHS may not experience a significant increase in its reutilization rate. (Many PMOs commented that much of the excess property is "junk.") Nevertheless, if only a few high-dollar items are transferred, an excess property program can become worthwhile without significantly increasing the reutilization rate.

This alternative could increase the reutilization rate by 4 percent. Such an increase would save DHHS $1.2 million in new procurement or give agencies access to property they never could have bought otherwise.

Data Entry

A typical SF 120 takes about 15 minutes to complete manually; however, the CDC PMB staff, which uses a form-generator program, completes forms in about 5 minutes. Implementing this option can save 10 minutes for each form, or $10,900 annually for DHHS.

GSA Annual Report Production

Each year every agency is required to report to GSA the amount of personal property that was declared excess and its method of disposal. The report, less than one page long, is not difficult to complete, but collecting data for it is tedious. Depending on the number of items reported, completing the annual report can take between one-half and 2 days. We estimate that the Department spends approximately 12 days completing the annual report. Using the same wage rates as those for filling out SF 120s, it costs the Department $1,500 to complete the annual reports to GSA.

A system like the one we propose can substantially decrease the time to produce the annual report because all the data are saved in a computer file. Completing the report should take about 3 days, saving $1,100.

Tables 2-2 and 2-3 (presented at the end of this chapter) summarize the costs and savings associated with Alternative 1A (compared to the other alternatives). Producing a paper catalog will cost $69,600 to implement, with $293,600 of annually recurring costs. It can potentially save $1,212,000 per year.

ALTERNATIVE 1B: PRODUCE A DISK CATALOG

Description

Alternative 1B uses the same procedures as Alternative 1A, but instead of printing a master catalog, the Department staff produces a computer file as its catalog (see Figure 2-3). Since the catalog file will be large, we suggest compressing the file using FASTBACK™ software. FASTBACK will accept a file that, when compressed, exceeds one disk. Next, using a software program such as TCOPY™, multiple copies of the file can be made on disks. With a disk going to each property office, 38 copies will be needed.

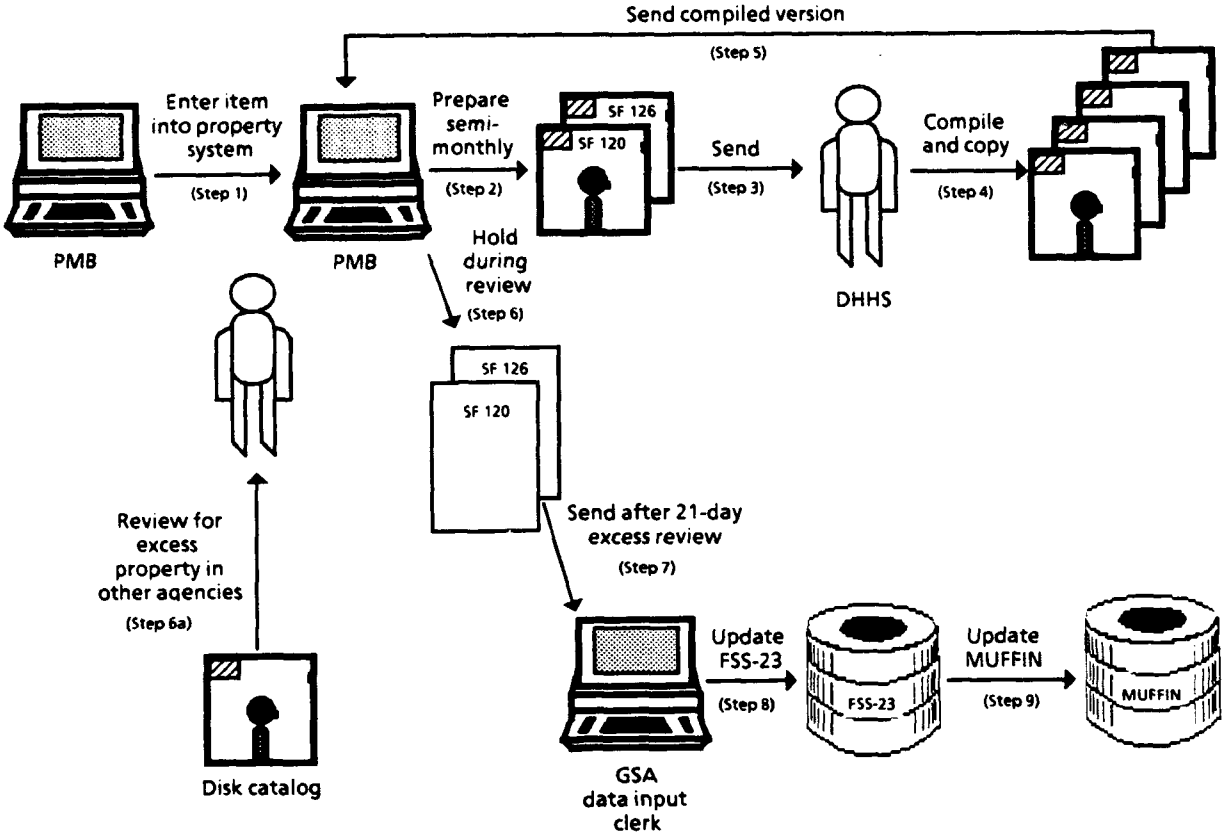
Costs

Nonrecurring

The application development costs and hardware purchases for a disk catalog will be the same as those for a paper catalog. The Department will, however, have to invest in more software packages.

Software. The Department must buy one copy of a software package at about $15 to make multiple copies of disks. DHHS will need to buy one copy of FASTBACK for every user so they can uncompress the disk catalog. The total cost will be $2,300. Each PMB will need a copy of the data-base software to search for excess property. Therefore, the Department must buy 38 copies, costing $19,000 instead of one copy costing $500. The Department may be able to get a quantity discount for both FASTBACK and the data-base package by negotiating a site license. Another alternative to limit the cost of software purchases is buying network versions of the software. The three PMBs connected to the Department through a local area network (LAN) can access the software through a file server. The Department would still need to buy individual software packages for any offices without connectivity.

Training. A disk catalog will require the same training for IHS personnel as a paper catalog, but the emphasis should be slightly different, with less time spent on



Note: Steps 2 through 5 will take 23 days to complete.

FIG. 2-3. DISK CATALOG PROCEDURE

Windows and more on the data-base software. Training costs for the rest of the PMB staff will increase. In addition to a training manual, they will need 1 day of hands-on training. That training will cover data entry and should emphasize using the data-base package to browse and search the disk catalog. Basic functions such as summing by condition code or class also should be covered. That type of training will allow PMBs to perform statistical analyses on their excess property file. The training will be held in the Washington metropolitan area, so only the CDC staff will need to travel. A 1-day training session for 13 people will cost $2,600.

Recurring

Reproduction. Alternative 1B requires the PMB staff to copy a file to disk and the Department to compile and distribute the catalog on disk. Since a compressed file will fit on two disks, the disk cost will be insignificant (roughly $80). The

Department can easily recycle disks because the flow of information between the PMBs and the Department will be continual. Unlike the paper catalog, if the Department copies the disks, no recurring reproduction costs will be incurred.

Postage. The postage for the disks from the PMBs will be the same as that for the paper catalog ($330 per year). The postage for sending the disk catalogs will be $700 per year.

Storage. Alternative 1B calls for the Department to do all the reproduction, so 2 days can be removed from the time it takes to produce the catalog. The storage time will increase by 24 percent (compared to 26 percent with a paper catalog) over the legal baseline alternative. Producing a disk catalog will increase current storage costs by $134,800.

Organizational Impact

Alternative 1B is truly less paper-intensive than either the legal baseline or paper catalog alternatives. While reducing paper is often praised, people are comfortable using it. As we found in other Departments, property managers probably would prefer a paper catalog to a disk catalog. The Department will need to make a greater effort to market this alternative than it would the paper catalog.

Benefits

Implementation

Like the paper catalog, the initial investment cost for Alternative 1B is small. The investment can be phased in, but if the Department holds two training sessions, the cost will increase by $500. Since this alternative requires more marketing to be successful, it presents slightly higher risk than Alternative 1A.

Reutilization

Since the disk catalog will not be distributed to as many people and using it will require use of data-base software, we believe Alternative 1B will not increase reutilization as much as Alternative 1A. We estimate that Alternative 1B can increase the reutilization rate by 2 percent. Such an increase has the potential to save DHHS $600,000 annually in new procurement or to give agencies access to property they would not have been able to buy.

Management Reports

In addition to producing the GSA annual report, Alternative 1B allows the PMB staff to perform statistical analyses on their excess property data base. Such analyses highlight areas that can benefit from greater management oversight. In the long-term, those PMB staffs who choose to use this feature should achieve more efficient operations.

Tables 2-2 and 2-3 (presented at the end of this chapter) compare the costs and savings associated with Alternative 1B with those associated with the other alternatives. Producing a disk catalog will cost $93,000 to implement, with $265,100 of annually recurring costs. It has the potential to generate $612,000 in gross savings per year.

ALTERNATIVE 2A: NEW CENTRAL EXCESS PROPERTY SYSTEM

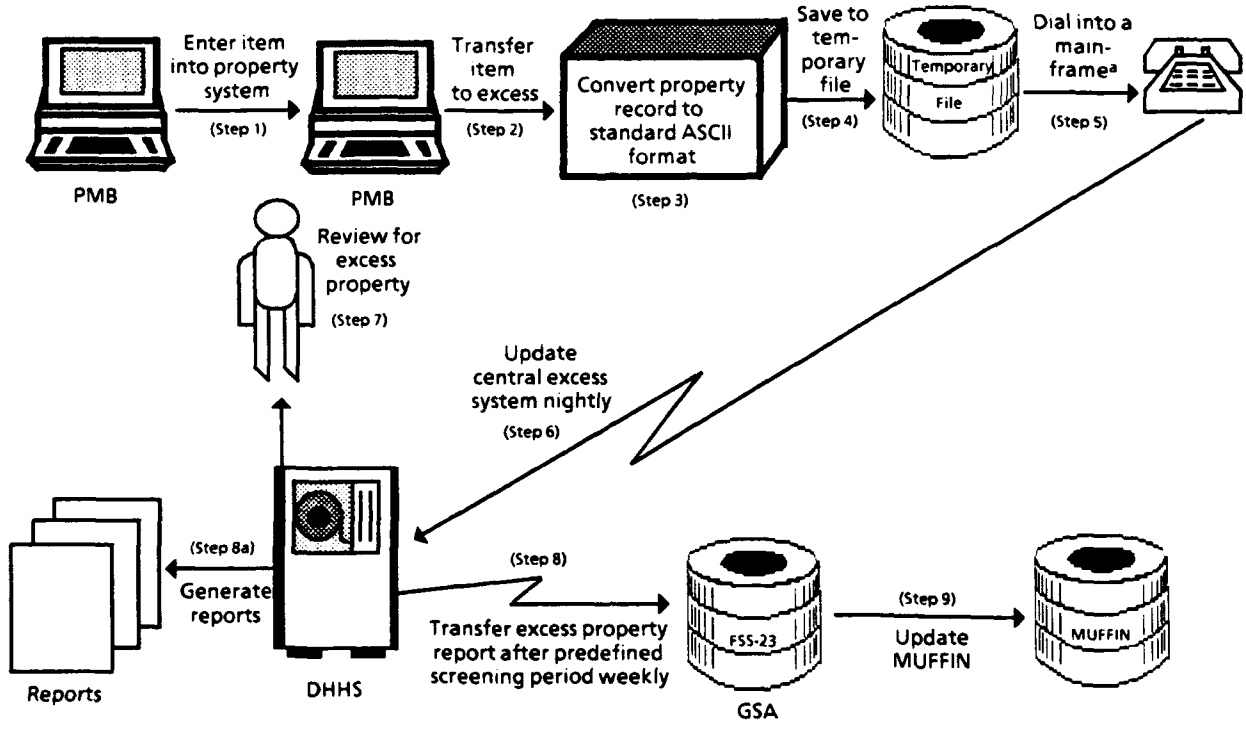
Description

Alternatives 1A and 1B would improve DHHS's operating efficiency slightly, but they would maintain the duplication of systems development within the Department and that duplication limits the efficiency improvements DHHS can make. The Department can expand its opportunities to create more efficient and effective excess property procedures by implementing a central excess property system.

The *major difference* between this alternative and Alternatives 1A and 1B is that searching for excess property is easier in a central excess system. Furthermore, the excess information will be available immediately. Therefore, additional storage costs will be small. Of course, this alternative will have substantially higher implementation costs.

Figure 2-4 illustrates this alternative. The PMB staff will continue to use its current property systems to transfer items into an excess account. (Some agencies may need to create a new custodial account for that purpose.) A "postprocessor" will be added to every property system. When an item is transferred to an excess account, a copy of the property record will be put in a temporary file. Part of the process of copying that record will include converting it from its current format to a

Department-wide format, an American Standard Code for Information Interchange (ASCII) file. That conversion process will be invisible to the staff.



[a]This step would be omitted for those property systems housed on a mainframe computer.

FIG. 2-4. DHHS CENTRAL EXCESS PROPERTY SYSTEM

Developing a postprocessor for each property system will be a major project, but it will be easier to do that than to force the central property system to read any record format. This configuration will make each agency responsible for maintaining compatibility between its property system and the central excess system. The drawback to this design is that any changes to the central system's record design will affect every agency. It is extremely important to take adequate time to design that format so that agencies are not required to reprogram their conversion programs.

Those property systems that reside on a mainframe will have a scheduled nightly program run to update the central excess system data base. That process will be invisible to the PMB staff.

Staff members whose property systems reside on a PC (currently four) must either use a modem or a LAN to connect with the mainframe. At the end of the day,

staff members must manually upload their temporary file to the central excess data base. Since only a few items are declared excess each day, the upload should only take about 15 minutes.

The day after an item is declared excess it will be available for Department-wide screening (by PMB staff and possibly PMOs and managers). We suggest a 21-day screening period, with at least a week of that time devoted to priority screening.

A weekly computer job will be scheduled to transfer data to GSA on items that have exceeded their Departmental screening period. We discuss this transfer in more detail in Chapter 3. The information will remain in the DHHS central excess system until GSA sends final disposition instructions. DHHS personnel may continue to screen the property until that time.

Costs

Nonrecurring

Applications Programming. A new excess property system will require considerable applications software development. The FAA excess property system is similar to the one we are proposing. Its development cost about $1.8 million in 1984, which is equivalent to $2.3 million today (based on the DoD inflation rates referenced in Chapter 1 of this report).

Conversion. The Department must also develop software to convert from the individual property systems' record formats into a standard Department format. No other Federal agency that we contacted has attempted that type of conversion for an excess property system. The two agencies we contacted that do not have a central property system require rekeying the data into their excess property system. The DHHS property managers that we spoke with did not want their workload increased by additional key entry, so we propose developing conversion software to automatically transfer items from the agency property system to the excess property data base.

The conversion from PC-based property management systems will be relatively straightforward because most PC software packages can easily produce an ASCII file. Three other DHHS agencies use the Non-Expendable Control of Property (NECOP) system, which is a mainframe property management system designed for use by PHS

agencies. While those property systems have been modified, conversion should be similar. The remaining systems will each need a separate computer program. Using guidelines established in *A Business Case for Electronic Commerce*,[2] we estimate the above programming effort will cost about $125,000.

Software and Hardware. If it selects Alternative 2A, the Department needs to buy communications software and hardware for all PMBs (including RASCs). Many PMBs use a LAN to connect with a Department mainframe and do not appear to need new software and hardware. Yet, to use GSA's MUFFIN system for Government-wide screening, a dial-in capability is needed. Several DHHS agencies already have the necessary equipment. Since some agencies will need equipment to upload data to the central data base, we recommend that DHHS equip every PMB with one modem and communications software.

A 2,400-baud internal modem and communications software like PROCOMM™ will cost $208 per unit. The total investment cost for 33 copies will be about $6,900. As with Alternatives 1A and 1B, the Department will need to buy PCs for IHS.

Recurring

Alternative 2A incurs no reproduction or postage costs and transportation and training costs will be the same as those for the disk catalog.

Additional Personnel. Federal agencies that have a central excess property system require one full-time equivalent (FTE) employee to maintain the system. That person's duties include overseeing the development of the system, providing technical assistance to system users, overseeing system maintenance and upgrades, and ensuring that scheduled computer jobs are successfully executed. The annual salary plus overhead for a GS-12, Step 5 is about $48,200.

The four PMB staffs with PC-based property systems will experience a slight increase in workload; uploading data will take 65 hours a year per system. Increased personnel costs (for a mid-grade GS-9) will be $4,100.

Storage. Alternative 2A adds 22 storage days to the current baseline (21 departmental screening days plus 1 day to update the excess system). Up to a

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[2]LMI Report DL001-06R1, *A Business Case for Electronic Commerce*, Thomas P. Hardcastle, et al., September 1990.

week could be added before information is transferred to GSA. Alternative 2A could increase storage time by as much as 15 percent, adding $82,900 to the current storage costs.

This alternative also has the potential to reduce storage time. If PMOs use planned disposal, some items can be transferred without ever entering storage. On the other end of the disposal cycle, a central excess system can ensure that GSA adheres to its 180-day cycle. To calculate increases in storage costs, we assumed that GSA always meets its 180-day goal. In reality, it sometimes fails to meet that goal. Automatic screening windows and reminders to GSA should decrease the number of times agencies receive GSA's final disposal instructions after 180 days. FAA property managers believe their disposal cycle has not changed (neither increased or decreased) while DOE representatives believe their disposal cycle has decreased by 60 days.

We assume, somewhat conservatively, that a central excess system will shorten the disposal cycle enough to cover the Departmental screening period (21 days). Therefore, Alternative 2A will add 6 days (reporting delays) to the storage time. That 3.3 percent increase in storage time will cost $18,200 more per year than is currently spent on storage.

Record Maintenance. Most computer centers charge fees for disk storage space and computer time. Given fees paid by other Federal agencies, we estimate that the Department will be charged $1.38 per record per year. For 50,000 records, the cost will be $69,000.

Organizational Impact

Alternative 2A requires strong project leadership from the ALRS. It is a high-risk alternative that requires approval from several sources. The ALRS must market this alternative to DHHS senior management, the OIRM staff, and the PMB staff.

This alternative requires a large initial investment. Nearly 3 years will pass before the Department receives any monetary benefits. Once the savings start accumulating, it will take 5 years to break even. In times of tight budgets, the ALRS must convince management and OIRM staff that a central excess system will, in the long-run, benefit the Department more than other, competing Department projects.

Similarly, the ALRS must market an excess property system to the PMB staff. The PMB staff must be convinced that the system will help them or they will not use it. Without their cooperation, the system will fail. One way to gain the support of the PMB staff is to create an advisory panel. An advisory panel will ensure that at least some PMB staff will be advocates of the central excess system. Six half-day meetings for personnel from four agencies and the ALRS will cost $2,100.

Finally, the Department should expect a short-term decline in efficiency. This alternative requires PMB staff to make significant changes in its current operating procedures. Introduction of new technology invariably causes some brief confusion and loss in efficiency.

Benefits

Compliance

Alternative 2A is the first we have presented that can help bring the Department into compliance with the Indian Self-Determination Act. As is discussed in Chapter 4, a central excess system can be configured in several ways that will allow priority screening.

Reutilization

Alternative 2A will increase reutilization by an amount somewhere between Alternatives 1A and 1B. The central system will be easier to use than a data-base program, and the ability to freeze items also will make a central excess system more attractive. Yet, PMB staff may resist a computer system more than a paper catalog. Therefore, we estimate that a central excess system will increase reutilization by 3 percent. Such an increase has the potential to save DHHS $900,000 in new procurement or give agencies access to property they could not have bought.

Data Entry

In addition to decreasing data-entry time for SF 120s and producing input to the GSA annual report, a central excess system can produce Health and Human Services (HHS) 22 *Property Action Request* forms. When an item is frozen, an HHS 22 form can be printed using the information saved in the central excess property data base.

Postage

Agencies of the DHHS currently send all completed SF 120s and SF 126s through the mail to the GSA. Electronically reporting to GSA will eliminate the $1,200 that the Department currently pays in annual postage. Furthermore, GSA is encouraging Federal agencies to report to them electronically. Bringing consistency to DHHS reporting should improve GSA's responsiveness, which will ultimately benefit the Department.

Operations

A central excess system will produce tangible benefits, including eliminating duplication of effort in managing excess property. Since all computer systems require maintenance and upgrades, in the long-run the Department will save money by maintaining only one system.

A central excess system will facilitate interface among PMOs. Any exchange of information and ideas will benefit the Department. Once that interchange begins in the area of excess property, it can influence dialogue in other areas of property management.

The disk catalog option enables property managers to perform statistical analyses on their data. A central excess property system goes a step further. It allows the ALRS to perform similar analyses on a Department-wide basis. Such analyses can highlight areas that can benefit from greater Departmental oversight. In the long-run, the ALRS can guide the Department toward more efficient excess property procedures.

Savings

Tables 2-2 and 2-3 (presented at the end of this chapter) summarize the costs and savings associated with this alternative as compared with those of the other alternatives. A central excess property system will cost $2,497,600 to implement, with $259,600 of annually recurring costs. It can generate $913,200 in gross savings per year.

ALTERNATIVE 2B: BORROWED CENTRAL EXCESS PROPERTY SYSTEM

Description

At least two Federal agencies – DOE and FAA – have developed stand-alone central excess property systems, and since converting an existing system costs much less than creating a new system, DHHS should seriously consider use of a system from another Federal agency.

The DOE system is written in an old language, Systems 2000, which is not user friendly; the FAA system, on the other hand, is written in Natural™, appears easy to use, and has all the features that DHHS is likely to want. The FAA system has been well received by its PMOs. If DHHS decides to borrow a system, we recommend using the FAA system. It is public domain property so DHHS has access to its code and documentation.

The work flow for Alternative 2B is the same as that for Alternative 2A, which is shown in Figure 2-4. Appendix E shows the features of the FAA system.

Costs

Nonrecurring

Applications Programming. Based on discussions with several system managers, we estimated that converting an existing excess property system would cost $100,000. That cost is less than 5 percent of the cost of developing a new system. An additional advantage is that the conversion can be completed in half the time it takes to develop a new system.

Conversion. The FAA system requires that custodial officers type information on excess property into the data base. The DHHS will still have to develop software to convert from the individual property systems' record formats into a standard Department format. As stated earlier, the programming effort to convert property records will cost about $125,000.

All other nonrecurring costs will be the same for a new or borrowed excess property system. Those costs include an advisory board, communications software, hardware, and training.

Recurring

All recurring costs will be the same as those specified for a new central excess system.

Organizational Impact

While this alternative still needs substantial marketing, it presents a more moderate risk than development of a new central excess system. In particular, senior management might find a borrowed system an attractive alternative when compared with a new system. The Department can implement a borrowed system in about 1½ years, and it will recover its costs 2 years after implementation as compared with 5 years for a new system.

Alternative 2B still requires the PMB staff to make significant changes in their current operating procedures. The Department can expect a brief period of confusion and loss in efficiency. The ALRS can cite satisfied FAA PMOs in marketing the system to DHHS PMOs. People familiar with the system can dispel fears and explain how it has helped them.

Borrowing a system does present one new problem. Since the system will not be developed at DHHS, the Department staff may find that changes to the computer code are difficult to make. Even a programmer who has converted code will not be as familiar with the intricacies of the system as someone who has built it from scratch. The DOC experienced some difficulty when making changes to the central property system it imported from the U.S. Department of Agriculture.

Benefits

The Department will gain the same benefits from a borrowed central excess property system as from one they develop themselves. Since we believe this alternative has great merit, we will reiterate those benefits.

Compliance

A central excess property system promotes compliance with the Indian Self-Determination Act by allowing priority screening.

Reutilization

While this alternative may not increase overall reutilization as much as a paper catalog, it will strengthen a PMO's ability to search for items in great demand. A central excess system's search capabilities are impressive. A PMO can search for an item based upon a word description (instead of an FSC code). The search can be limited by condition code and location, and such tailoring makes searches more efficient. For instance, finding a computer printer in good condition within the same geographic region will take minutes. If an appropriate item is not available on 1 day, a day – not a month – passes before new information is available. Once having found a needed item, a PMO will be able to speak with the owning PMB staff and freeze the item. A central excess system allows PMOs to look for needed items aggressively.

Data Entry

The FAA central excess system produces a variety of forms, including SF 120s, GSA annual reports, internal transfer documents (the equivalent of an HHS 22), and GBLs.

Postage

Electronically reporting excess property to GSA will eliminate the annual postage DHHS would continue to pay under Alternatives 1A and 1B. More important, reporting excess property electronically to GSA will enhance the Department's relationship with GSA. GSA is encouraging Federal agencies to report to it electronically. By accommodating GSA, DHHS will benefit from increased good will and from bringing consistency to DHHS excess reporting procedures. Both benefits should result in improved responsiveness from GSA.

"Want Lists"

The FAA system has a feature that would be optional in a new system: it keeps want lists that are checked against the excess data file.

Operations

A central excess system is a progressive way to manage excess property. By eliminating duplicate systems, DHHS will, in the long-run, save system maintenance costs. It is much easier to maintain 1 system than 12. Also, each agency does not

have to duplicate efforts to solve problems. Indeed, a central system will facilitate interface among PMOs.

A central excess property system allows both PMOs and the ALRS to perform statistical analyses, which can highlight areas that can benefit from greater oversight. In the long-run, the Department will benefit through more efficient excess property procedures.

Since a central excess property system has a variety of features to aid in disposal, Alternative 2B will increase storage time by only 3 percent (compared to a high of 26 percent for a paper catalog). Those features include planned screening, automatic electronic reporting to GSA, and automatic GSA reminders. Since the PMB staff is concerned that an excess property system will increase their storage times, they are more likely to accept an alternative with minimal impact on storage times.

Alternative 2B runs smoothly because it does not rely on manual intervention. Output from a central excess system is not subject to delays when key people are busy with other priorities. Additionally, since it does not require manual intervention, it will be perceived as less cumbersome by system users.

Savings

Tables 2-2 and 2-3 (presented at the end of this chapter) summarize the costs and savings associated with this alternative as compared with those of the other alternatives. A borrowed central excess property system will cost $297,600 to implement, with $259,600 of annually recurring costs. It can generate $913,200 gross savings per year.

Minicomputer

While we recommend housing a central excess system on a mainframe computer, the Department may consider buying a minicomputer that will be dedicated to the central excess property system. A minicomputer has two main advantages. First, it eliminates the possibility of overloading the Department's mainframe computers. Second, recurring costs will be smaller because DHHS will not have to pay record maintenance fees that are required on mainframe systems.

The minicomputer option also has two main disadvantages. First, its procurement will delay implementation of the excess system causing the Department to miss reutilization opportunities. Buying a minicomputer will also increase the Department's initial outlays. Converting the FAA system may cost slightly more because it is a mainframe system.

Second, given the configuration of the GSA FSS-23 computer system, the Department could not electronically transmit SF 120s to the GSA. The mainframe that houses the FSS-23 system has extremely limited capability to connect with other computers. The Department could produce and send a tape to GSA, but the additional handling time will increase storage times for excess property by about a week.

A minicomputer will slightly decrease the annual savings realized from a central excess system. A tape sent weekly to GSA will cost $213 in annual postage. If we assume that it will take at least 3 months to procure and install a minicomputer, that delay in implementing a central excess system will cause DHHS to miss about $243,500 in labor, postage, and reutilization savings.

The minicomputer requires an investment cost of $48,000 for an AT&T 3B2 computer, modem, cables, printer, and software. An additional week of storage for the tape delay will cost $21,500 per year. If the Department uses a minicomputer, all PMB staff must upload their data. Additional personnel time will cost $8,000 per year.

A minicomputer saves on annual maintenance costs. We estimated that record maintenance on a mainframe will cost $69,000 each year. An annual maintenance contract for a minicomputer, covering both hardware and software upgrades, is estimated to cost $11,000. A minicomputer will save $28,600 each year in recurring costs and will recover its investment costs in slightly less than 2 years. Those savings come with a labor cost because using a minicomputer will require more manual intervention by both the PMB staff and Departmental personnel.

ALTERNATIVE 2C: USE MUFFIN

Description

An alternative to borrowing a central excess system from another Federal agency is to work with GSA and its MUFFIN system. MUFFIN is a bulletin board

system that is less sophisticated than the FAA central excess system. It is user friendly and has basic features to allow searching for excess property.

The DHHS can work with GSA to alter the MUFFIN system. A screening period can be added to the MUFFIN system to allow DHHS agencies exclusive screening before a DHHS item becomes available for Government-wide screening.

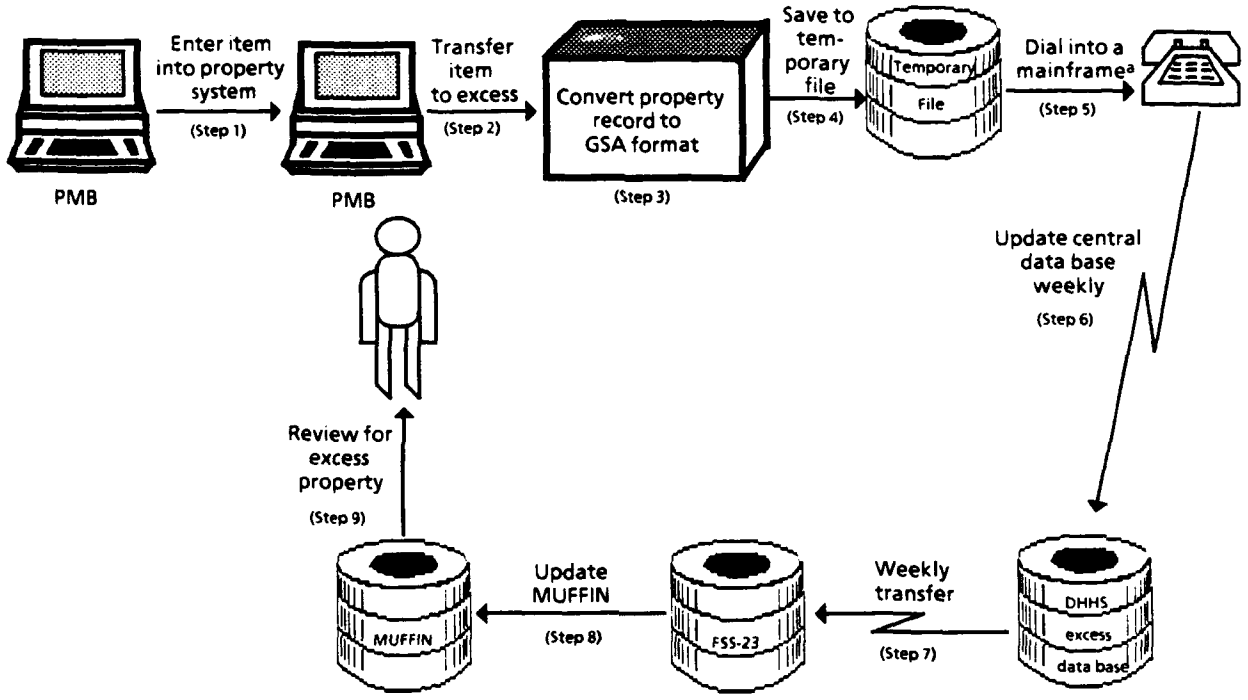
Figure 2-5 illustrates the work flow of a MUFFIN central excess system. The PMB staff will continue to use their current property systems to transfer items into an excess account. Then, a copy of the record will be converted to a standard format and saved to a temporary file. Scheduled mainframe jobs and PC uploads will be performed weekly because MUFFIN is only updated once a week. The Department will schedule a weekly computer job to transmit data on excess items to GSA. Those data will enter the MUFFIN system through the FSS-23 system. Only at that point, potentially 2 weeks after an item is declared as excess, can DHHS PMOs screen it.

Although GSA will ultimately design any changes to MUFFIN, the system could work as follows. Logic will be added to the FSS-23 system to add a DHHS code to DHHS records during the 21-day screening period. (MUFFIN is recreated weekly so it cannot maintain item history.) Currently, a user can log on to MUFFIN without entering a user access code. DHHS users will be required to enter an access code so they can be identified with the Department. The search criteria will be expanded to include a DHHS option (MUFFIN currently checks for condition code and location). After the internal screening period, the DHHS code will change to a Government-wide code and anyone with access to MUFFIN could view it.

Costs

Nonrecurring

Applications Programming. A recent major upgrade to the DOE central excess system took 1,000 programming hours (about half a year's effort). A 1,000-hour effort to adjust the MUFFIN system will cost $23,100. While GSA is responsible for changing its system, it is highly likely that the full cost burden will fall on DHHS. An application program to generate the Department's annual report to the GSA is needed. It will be a simple program that reads the central excess data base and compiles statistics. It will cost $2,800 to develop. A programming effort also will be required to interface electronically with the FSS-23 system. Using guidelines



[a]This step would be skipped for those property systems housed on a mainframe.

FIG. 2-5. MUFFIN CENTRAL EXCESS SYSTEM

established in *A Business Case for Electronic Commerce*, we estimate that this programming effort will cost about $42,000.[3]

Software and Other Options. Most other nonrecurring costs, including developing software to convert from the individual property systems' record formats into a standard DHHS format, will be the same as the other central excess system options. While we recommend buying communications hardware and software for the other central excess system alternatives, it is essential for this alternative. MUFFIN is a dial-in system; PMOs must access it through a modem. That cost is $6,900.

Training. The GSA will currently train Federal government personnel to use MUFFIN for free. It is possible that DHHS can avoid some of its training costs

[3]Ibid.

($2,600) by using the MUFFIN system. The Department must still train IHS personnel on computer use.

Recurring

Additional Personnel. Since GSA will have primary responsibility for programming and maintaining the bulletin board, DHHS may need less than one FTE for this alternative. The Department will still need someone to work with GSA, provide technical assistance on the DHHS central excess data base, and ensure that scheduled computer jobs are successfully executed. One-half an FTE will cost $24,100 per year.

Storage. Alternative 2C has less opportunity for decreasing the disposal cycle than the other central excess alternatives. Therefore, its storage costs will be higher. In addition to the 21 departmental screening days, up to 2 weeks can be added for processing delays. Alternative 2C will increase storage time by 18 percent, adding $98,300 to the current storage costs.

Other. Transportation and record maintenance costs will be the same as under a central excess system developed by DHHS. Transportation costs are $120,000, and maintenance costs are $69,000 (see Alternatives 1A and 2A, respectively).

Organizational Impact

This is a moderate risk alternative. It is relatively inexpensive and (if approved by GSA) can be implemented quickly. Still, unanticipated problems may arise when working closely with another Federal agency to change its system. This alternative gives DHHS less control than any other alternative presented.

Alternative 2C does not have as many features as a new or borrowed excess property system. It will not allow planned or priority screening (thus, it does not aid compliance with the Indian Self-Determination Act), nor will it permit PMOs to freeze items. Further, it will not generate GSA reminders.

Benefits

Reutilization

We estimate that use of the MUFFIN system will increase DHHS internal reutilization by 3 percent. Such an increase has the potential to save DHHS

$900,000 in new procurement or give agencies access to property they could not have bought. It could increase total reutilization more because PMOs may find an item available at another Federal agency but not at DHHS.

Operations

Working with GSA to use the MUFFIN system for internal departmental screening can generate much goodwill for DHHS within the Federal Government. Many Federal agencies do not have a central excess system. DHHS can be a test case that could benefit many other agencies.

Savings

Tables 2-2 and 2-3 (presented at the end of this chapter) summarize the costs and savings associated with Alternative 2C as compared with those of the other alternatives. Using the MUFFIN system will cost $262,900 to implement and will have annually recurring costs of $311,400. It can save $913,200 per year.

ALTERNATIVE 3: CENTRAL PROPERTY MANAGEMENT SYSTEM

Description

A DHHS-wide central property management system expands on the central excess property system described in Alternative 2 by including active property records in the same data base as those for idle property. It maintains property records from the time an item is placed in inventory until it has been removed through the disposal process.

A central property management system includes an excess property management module. In such a system, the excess property record needs to include some data elements that are required for input to the FSS-23 but are not germane to an active property record. These data elements include condition code, point of contact, and property location (i.e., city, state, and region). Other data elements can be added at the discretion of the Department.

Since DHHS maintains more than 550,000 property records, the central property management system will be based on a mainframe computer. We considered other alternatives such as PC-based systems and a minicomputer, but they either had insufficient capacity or required costly hardware purchases. In addition, a minicomputer would be more difficult to program for reporting excess to

the GSA system. The two central property management systems used to evaluate this alternative are the NIH property system and the United States Department of Agriculture (USDA) property system. Since Federal regulations encourage using existing systems, we only considered the costs and benefits of using an existing property system for this alternative.

The major difference between this alternative and the central excess property system is the elimination of most of the property management systems that currently exist in DHHS. The Department's agencies have 12 active property systems, not including those in RASCs. Eliminating those property systems means that each agency will not have to maintain record-conversion software.

Figure 2-6 shows the work flow for Alternative 3. When a property item is determined to be excess to the needs of an agency, the property staff will input a status change on the item record to indicate that it is no longer required. The property record will automatically be transferred to a temporary file to await further processing. Each evening, the system will batch-update the DHHS excess data base with property records that are in the temporary file.

Property records will be retained in the excess data base for 21 days before the property system automatically reports the items as excess to the GSA FSS-23 system. Since the FSS-23 system will only accept electronic updates from Federal agencies on a weekly basis, items could be excess to DHHS for up to 27 days before they are reported to GSA. At GSA, the FSS-23 system will update the MUFFIN bulletin board and initiate the Federal screening cycle. Items that are reported to GSA are not removed from the Department's excess data base until final disposition action is taken on them. Therefore, an item can be screened for potential reutilization by DHHS agencies until it is physically removed from the owning agency. Item records will be transferred to a historical file when final disposition is made. The history file will be used for compiling annual report information.

Costs

Nonrecurring

Applications Programming. Consolidation of the Department's property management systems into a central data base will require a significant amount of software development. A staff member in the NIH Division of Computer Research

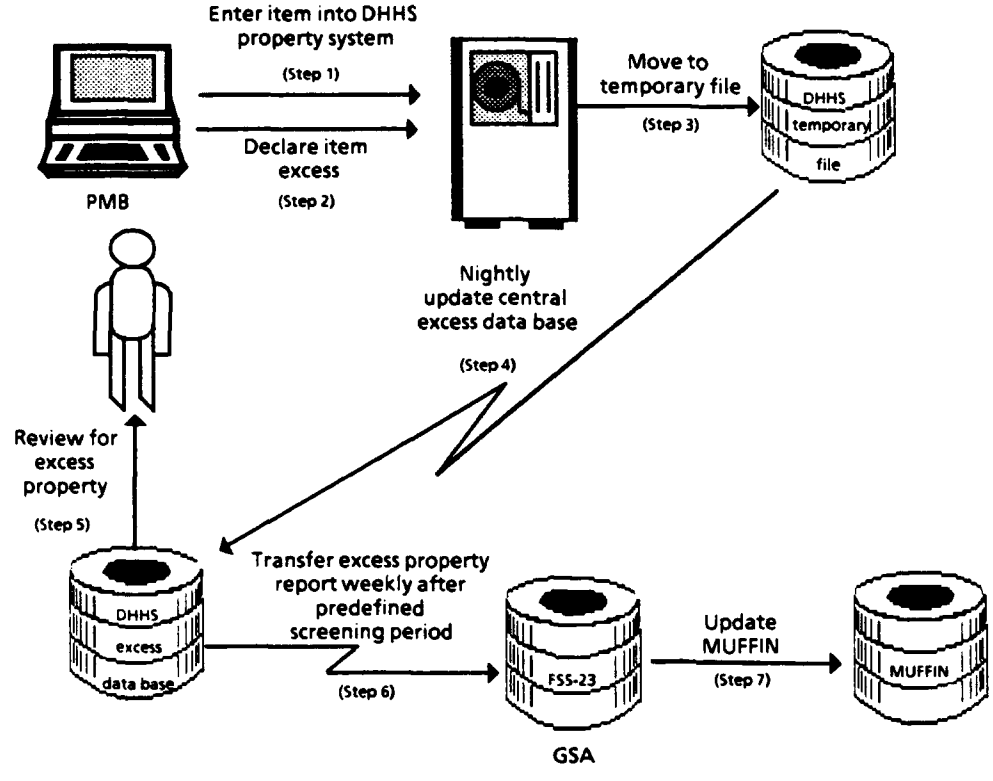


FIG. 2-6. CENTRAL PROPERTY MANAGEMENT SYSTEM

and Technology (DCRT) estimated that 2 years of programming effort is needed to modify that agency's existing property system to accept input from all of the Department's property programs. He estimated that 1 year of effort costs $50,000; thus, the cost of this task is estimated as $100,000.

Since the NIH property system neither has an excess property bulletin board nor interfaces electronically with the GSA FSS-23 system, further software application programming would be required. Using guidelines established in *A Business Case for Electronic Commerce*, we estimate that programming effort will cost about $84,000.[4]

Conversion. The third, and final, programming effort required is to convert property records from the existing systems to either the NIH or the USDA system.

[4]Ibid.

We received two disparate estimates for conversion of property records to a central data base. The first estimate is the conversion charge of $200,000 to the DOC in 1987 when it changed from its decentralized property program to the USDA property system. That figure escalates to about $233,500 in FY91 dollars. The other estimate came from the DCRT manager at NIH who estimated that it will cost between $5,000 and $10,000 for each system that requires conversion. Since the Department will be required to convert the records from 12 property systems, the total conversion cost would be $120,000. Rather than calculate an average cost for records conversion, we used the higher figure, $233,500, to estimate the cost of transferring property records to the central property system.

Training. Since Alternative 3 is more complex than the others, it will require more training. We estimate that it will require 1 week of classroom instruction and hands-on training for 30 people, 15 in each of the first 2 years the central system is in operation. The cost of training those 30 people is $26,400 for the first year and $26,800 for the second year, a total of $53,200.

Other. The hardware and software costs for this alternative will be the same as those for the central excess property system. At $2,100, the advisory board for this alternative is the same as for a central excess system.

Recurring

Record Maintenance. The rate for using disk storage space in Alternative 3 is the same as that for a central excess system at $1.38 per record per year. Since the Department currently has about 550,000 items in inventory, record maintenance will cost about $757,200.

Disk Pack Storage Devices. The property system data base requires the use of disk pack storage devices. For a volume of 550,000 records, two disk packs are required at a cost of $13,000 each per year. A first-year cost for the disk packs is $26,000.

Personnel, Storage, and Transportation. As with the previous alternative, Alternative 3 requires an FTE to maintain the system. The cost of an FTE is $48,200, the same as that for the central excess property system. Storage and transportation costs are the same as those in Alternative 2B at $18,400 and $120,000, respectively.

Total Costs

The total nonrecurring cost for implementing this alternative is $527,100, and the recurring cost (in FY91 dollars) is $969,800.

Organizational Impact

This alternative will require more marketing from the ALRS and commitment from DHHS senior managers than any other alternative we considered in this analysis. Since most of the Department's agencies have recently developed or are developing new property management systems, this alternative will probably meet extensive resistance from property management personnel. Beyond the cultural resistance, a central property management system's cost is high. The Department's agencies will not be inclined to share the expense of system implementation after having recently funded new property systems.

This alternative requires that the Department work closely with the agency in which the borrowed property management system was developed. Some Federal agencies find it difficult to change the code for a system that is already in operation. With that in mind, the Department's objectives may not be fully realized by using another agency's property system. DHHS needs to review thoroughly the candidate systems to ensure that it selects the one that will meet its requirements.

This alternative will take more than 1 year to implement and will take 5 years of operation before implementation costs are recouped through cost savings from reutilization. Initially, efficiency will also suffer because of confusion over the use of a new property management system.

Benefits

Increased Reutilization

This alternative presents the highest potential increase in the DHHS internal reutilization rate. We estimate that excess property reutilization could increase by up to 5 percent with a central property management system. At the current rate of about $30 million per year in excess property generated by the Department, that means that DHHS agencies will save $1.5 million in procurement of new equipment or they will have access to property that they could not have otherwise purchased. We do not expect that the Department would realize the benefit of this increase

immediately, but over a 10-year period, that savings will amount to about $16 million. The USDA, which manages 619,000 items valued at $2.6 billion, actively manages its excess property. In the Washington/Baltimore area alone it saved about $2 million in FY89 through reutilization of excess equipment instead of procurement of new equipment.

Operations

A central property management system will streamline the property management program in DHHS and will facilitate Departmental-level visibility of property management programs. While the central excess system gives the ALRS the capability to generate excess property reports and monitor the status of excess property, the central property management system allows it to perform those functions for all Departmental property.

A central property management system provides DHHS with more capabilities than the central excess system for a modest increase in implementation cost. The central excess system, however, provides DHHS with proportionately greater potential cost savings than the central property management system. Finally, Alternative 3 gives DHHS the potential to streamline its property management program and improves its capability to interface with accounting.

SUMMARY

The DHHS has several alternatives available to bring its excess property program into compliance with Federal regulations and to meet its objectives. The sophistication, costs, and features of those options vary greatly, as do the savings to DHHS over a 10-year period. Table 2-2 is a summary (in FY91 dollars) of the implementation cost for the legal baseline and its alternatives. Appendix F shows a detailed cost break out.

Table 2-3 presents a 10-year cost summary of the legal baseline and its alternatives. Included in that table is a 10-year summary of cost savings that the Department can expect.

Table 2-4 presents a summary of the features that each alternative is capable of offering to DHHS. Many of the features available in the alternatives are made

TABLE 2-2

IMPLEMENTATION COSTS

(FY91 dollars)

Cost	Alternative						
	Legal baseline ($)	1A Paper catalog ($)	1B Disk catalog ($)	2A New excess system ($)	2B Borrowed system ($)	2C MUFFIN front end ($)	3 Central property system ($)
Nonrecurring	0	69,600	93,000	2,497,600	297,600	262,900	527,100
Recurring	128,200	293,600	265,100	259,600	259,600	311,400	969,800
Total	128,200	363,200	358,100	2,757,200	557,200	574,300	1,496,900

TABLE 2-3

TEN -YEAR COST SUMMARY

Cost/ savings	Alternative						
	Legal baseline ($)	1A Paper catalog ($)	1B Disk catalog ($)	2A New central excess system ($)	2B Borrowed central excess system ($)	2C MUFFIN (front end) ($)	3 Central property manage-ment system ($)
Nonrecurring cost	0	70,500	94,000	2,650,300	312,800	271,800	556,600
Recurring cost	1,614,300	3,356,000	3,768,100	2,861,800	3,002,200	4,060,500	11,754,600
Total cost	1,614,300	3,426,500	3,862,100	5,512,100	3,315,000	4,332,300	12,311,200
Savings	3,638,900	14,073,600	7,107,300	8,383,600	9,389,900	10,428,400	15,969,400[a]

[a]Cost savings in this alternative are for excess property management only.

possible only through automation of excess property information. Descriptions of available system features are included in Chapter 4.

Chapter 3 is a discussion of the Department's OIRM requirement for implementation of a new system.

TABLE 2-4

FEATURES BY ALTERNATIVES

Feature	Alternative						
	Legal baseline	Paper catalog	Disk catalog	New central excess system	Borrowed central excess system	MUFFIN (front end)	Central property manage-ment system
Screen property	X	X	X	X	X	X	X
Priority screening				X	X		X
GSA annual report		X	X	X	X	X	X
Forms generation		X	X	X	X	X	X
Electronic reporting to GSA				X	X	X	X
Planned disposal				X	X		X
GSA reminders				X	X		X
Management reports			X[a]	X	X		X
Limit screening criteria				X	X	X	X
Want list				X	X		X
Freeze item				X	X		X

[a]Only at the agency level.

CHAPTER 3

SYSTEM DEVELOPMENT AND RISK ANALYSIS REQUIREMENTS (GENERAL)

OFFICE OF INFORMATION RESOURCES MANAGEMENT

One of OIRM's functions is to oversee systems development within DHHS. Since it oversees all systems developed in the Office of the Secretary that cost more than $150,000, OIRM will probably oversee development of any central automated system.

Some of OIRM's system development requirements include showing how the system fits in the long-range IRM plan, developing a project schedule, identifying managers whose approvals are required, securing funding, designating a project manager, documenting workload, developing security and records management plans, defining the requirements (including mechanisms for making changes), checking if other Government agencies have an adequate portable system, and analyzing risk. In this chapter, we discuss those requirements of a general nature.

REQUIREMENTS

An excess property system should provide increased visibility of excess property within DHHS and electronically report excess property information to GSA from a central location. It should be a stand-alone, menu-driven system that will track and report DHHS excess personal property until its final disposition. The following is a list of functions for an excess property system or module (a central property management system would require additional capabilities):

- Edit files
- Search for property by Federal supply class or item description
- Allow searches to be confined by condition code and/or location
- "Freeze" property for internal (DHHS) transfer
- "Thaw" property if not transferred by a predefined time

- Generate internal transfer document (HHS 22)
- Develop screening windows with automatic release dates and produce reminders to GSA
- Report automatically to GSA
- Maintain a disposition history
- Generate the GSA annual report
- Include an ad hoc reporting capability
- Update tables (condition codes, user identifications, screening periods, etc.).

While the above list describes current system requirements, even carefully designed systems evolve. As more people use a system, more requirements are identified. Those requirements may arise even before the system is fully implemented. In the early stages of development, DHHS should establish a policy for incorporating changes to the system. NASA uses a configuration control board to negotiate changes and set priorities. Since we recommend that DHHS involve users in system development and that staff from different agencies interact more, we believe a board similar to NASA's would be suitable.

SHARING SOFTWARE

Federal Information Resources Management Regulation (FIRMR) 201-23.002 requires that agencies use software that is available by transfer from another agency when such use is the most advantageous alternative. The FIRMR also requires agencies to contact the Federal Software Exchange Center or review the *Federal Software Exchange Catalog* to decide whether software available from other agencies would be the most advantageous alternative. Some of our alternatives involve sharing software with other Federal agencies. When evaluating the alternatives, the Department staff should keep in mind that the FIRMR encourages such sharing arrangements.

MANAGEMENT APPROVAL

In addition to OIRM's approval, any central system will require approval from both the DHHS Deputy Assistant Secretary for Management and Budget and the Assistant Secretary for Management and Budget. Their approval will be contingent

upon showing that system benefits, both tangible and intangible, will exceed system costs.

Since approval may also be required from DHHS agencies, they should be intimately involved with the development process. PMOs must be convinced that using such a system will be to their benefit. Their involvement in designing and testing the system is crucial to its acceptance.

PROJECT SCHEDULE

Other Federal agencies that have developed central excess property systems have generally taken 1 to 3 years to design and implement their systems. Agencies that were adding the ability to process excess property to an existing system or converting an existing system usually had a development time of 1 year. If DHHS builds a new system, it should expect to spend 2 years designing, developing, and implementing it. A half-year must be added to the above development times for building software to convert records from existing property systems to a standard format. We estimate that record conversion will take 1 year to complete.

RISK ANALYSIS

The March 14, 1991, draft version of the *DHHS IRM Guide* states, "We never know for sure what is going to happen when developing and implementing a system. There is always uncertainty and risk."

Our alternatives range from moderate risk to high risk. The level of risk associated with each proposed alternative is directly related to its size and complexity. Still, the Department's risk will be limited because all the alternatives will use existing technology.

If the proposed system does not perform as expected, it will probably still meet two of its three goals: compliance with the FPMR and increased savings through improved reutilization. The most likely negative impact would be static or decreased operating efficiency.

WORKLOAD

Central Excess System

The proposed system will allow interactive processing during the day and batch updating at night. (The MUFFIN alternative will only require night processing because the interactive features will reside on the GSA computer.) The daytime processing will include users searching for excess property and PMB staff revising records by editing, freezing, and transferring items. We estimate that about 50 people will have editing capability. DHHS will have to decide how many others, mostly custodial officers (COs) and managers, can view records. Peak-use periods are likely to occur at the beginning and end of the work day.

The nightly batch updating will add all property declared excess during the day to the central system. It will require minimal processing, generally less than 1,000 records a night. Storage requirements for the system will be small. We estimate a maximum of 50,000 records in the excess system at one time. Each record will probably be more than 560 bytes (the GSA record size).

The excess property system should not increase data entry requirements. Data will be transferred from the individual property systems to both the central excess system and GSA electronically. Those electronic transmissions will increase the communications requirement.

The PMOs whose property systems reside on PCs must either dial into or use a LAN to connect with a mainframe. Data transfers will be small and should not affect system responsiveness or increase the need for additional communications lines. DHHS will have to buy hardware and software for those PMBs that do not currently have connectivity. DHHS can transmit to GSA over an IBM mainframe and telephone lines using Protocol 3780. Both the Parklawn and NIH Computer Centers have that protocol. Appendix C shows the GSA's record format.

Communications requirements are those most likely to expand over time. If DHHS allowed all of the more than 3,500 COs access to the system, the system's response time probably would degrade. Additional communication lines might be needed.

Central Property Management System

A central property management system requires the same interactive processing during the day as a central excess system. While it will be less likely to have peak processing periods, it will have higher use throughout the day. Storage requirements will be higher, with about 550,000 records in the system at one time. The record size will be about the same as that under an excess property system.

A central property management system will probably decrease data entry requirements from their current level. Once an item was entered into the system, any subsequent status change will only require a code change.

As with the central excess system, those PMBs without connectivity would require the appropriate hardware and software. Transmission to the GSA will be the same under either type of system.

CHAPTER 4

CONCLUSIONS AND RECOMMENDATIONS

CONCLUSIONS

The utilization and disposal of excess property in DHHS require a substantial effort on the part of those who manage it. Over 25,000 items are generated as excess each year and those items have an acquisition cost of more than $30 million. Although agency property management staffs work diligently at managing excess property, they are not doing enough to be in compliance with Federal regulations. Further, the internal reutilization rate for excess property in DHHS cannot be accurately calculated because many different procedures and methods are used to manage excess property once it has been turned over to the property staffs. To bring its excess program into compliance with Federal regulations and increase the potential for reutilizing excess property in its agencies, the Department has several alternatives from which it can choose. The alternative it chooses will have a fiscal impact, and will determine how excess property is managed for years to come. We draw the following conclusions:

- The Department needs to update its policies for excess property management and ensure compliance with them. Areas that need to be addressed include training, documentation of cannibalization, management involvement in reutilization efforts, cross-regional transfers of property, contractor transport of excess, and revision of the HHS 22 transfer document.

- Implementation of a new procedure needs to include agency input for record format, protocol determination, pilot testing of new or borrowed systems, and testing item freezing and transfer procedures.

- The Department's excess program needs procedures for managing property that is turned in to OASH for reporting to GSA for final disposal action. The system needs a protocol for transferring accountability of excess items from the using agency to the OASH property branch after being reported to OASH. We believe that accountability should be transferred to OASH 7 days after an item enters the excess system. In an automated system, an HHS 22 transfer document should be generated at OASH to facilitate item pickup and to document the transfer of accountability for the item.

- For automated excess systems, the Department needs to establish guidelines for loading data into the system and time limits for freezing records that are in it.

For DHHS to achieve its objectives in excess property management, its best options among the alternatives described in Chapter 2 are those that comprise automated information systems. The following section describes some features available to DHHS through the use of automated systems.

PROPOSED FEATURES IN AUTOMATED SYSTEMS

Improved excess property procedures should bring DHHS into compliance with the FPMR, increase operating efficiency, and increase savings through improved reutilization. A variety of features associated with an automated excess property system can help the Department reach those goals.

Compliance

To comply with the FPMR, DHHS agencies must screen excess property Department-wide before reporting it to GSA. All the alternatives proposed in this report allow for Department-wide screening of property. One difference among the alternatives is how cumbersome that screening becomes. We address that issue later. To comply with Federal regulations, DHHS must distribute information, even in a crude form, throughout the Department.

The other regulation that DHHS must comply with is the Indian Self-Determination Act, P.L. 93-638, which requires priority screening for American Indians. Additionally, the owning agency should be given priority screening. While in theory a paper system would allow priority screening, manually keeping track of those screening periods may be so difficult that compliance could be impossible in practice.

Automated systems can provide priority screening. The FAA has included screening windows in its automated excess property system. The first screening window is open for National Project Materiel and Aeronautical Center priority users, and the second for the FAA and the Department of Transportation. If no one in the Department of Transportation has requested an item within the allotted Departmental screening period, the FAA system automatically reports the item as excess to GSA.

Priority screening can be handled in several ways. A predetermined number of days could be reserved (probably 5 working days), in which only the priority screeners can access the information. A special screening period is straightforward, but would likely require longer Departmental screening than the other priority screening methods described below.

The second method allows users to see the information and request an item. During the priority screening window, only priority users can have the property transferred to them. Other users are "wait listed." Once the priority screening window is closed, and no priority user requests the item, the item immediately goes to the first person on the waiting list. This method can decrease screening time but is more difficult to implement.

A third method allows all users to view the information. The system shows the date priority screening ends. Only priority users can request the item during priority screening, but other users are forewarned of its impending availability. This method is relatively simple to implement and it does not increase the screening period.

Improve Operating Efficiency

The alternatives with minimal automation have few features that will help achieve improved operating efficiency with the exception of producing the annual report to the GSA. Automating that report removes a tedious chore. All the automated alternatives we describe have this capability.

The alternatives that include a central computer system have features that can improve operating efficiency by decreasing paperwork, disposing of property more efficiently, and improving management oversight.

Decreased Paperwork

An automated excess property system can decrease paperwork by reducing the time spent filling out forms and by eliminating forms. By choosing a menu option to generate forms, the PMO can generate the following documents:

- DHHS *Property Action Request* (HHS 22)
- *Report of Excess Personal Property* (SF 120) to GSA
- *Report of Personal Property for Sale* (SF 126) to GSA

Other candidate forms are those for making withdrawals from the GSA, for reporting excess property that is eligible for donation programs, and GBLs.

If DHHS electronically reports SF 120s to GSA, it will eliminate reproduction costs and postage. Since GSA encourages Federal agencies to report excess property electronically, doing so improves relations with GSA. Many agencies that have developed centralized excess property systems believe that electronic reporting to GSA is the feature that gives them the greatest benefit. Both the Parklawn and NIH Computer Centers are configured to communicate electronically with the GSA.

More Efficient Disposal of Property

An automated excess system allows PMOs to keep a closer watch on the disposal cycle. First, the system encourages planned disposal by presenting the possibility of transferring an item at the moment it becomes excess. Property that is expected to be excess at a given time is reported for screening purposes up to 60 days before it becomes excess. The excess system can list when an item is available for transfer. System users screen the property, request it, and are ready to receive it at the exact time the owning agency no longer needs it. Some Federal agencies currently apply this method of screening property.

Automatic screening windows (discussed under Compliance) coupled with automatic reporting to GSA ensures that excess property is reported to GSA at the earliest possible time. The GSA screening windows are also added to the system. Reminder reports used by other Federal agencies include items awaiting pickup for more than 30 days, items pending GSA acknowledgment, and items that exceed the GSA 180-day screening period. The FAA system even generates a reminder letter to GSA after an item has been in screening for more than 150 days.

An automated excess system provides greater ability to track the disposal cycle within DHHS and GSA. Closer tracking can facilitate a decrease in the disposal cycle period. Federal agencies with excess systems have had mixed results. FAA property managers believe their disposal cycle has remained the same, while DOE representatives believe that their disposal cycle has decreased by about 60 days.

Improvement of Management Oversight

Improved reporting capabilities can help management fine tune its policies and operations. In addition to producing the GSA annual report, an automated excess

property system can also produce routine reports on how property is disposed (transferred within DHHS, sold, donated, etc.). Reports on items by condition code or class also can be helpful. Ideally, the system should include an ad hoc reports-generating feature that can produce special reports as needed. The FAA staff found that such a capability helps it respond quickly to congressional inquiries.

All the features discussed in this section can help the Department operate more efficiently. Those features can reduce the PMOs' workload so they can concentrate on more important matters.

Increased Reutilization

To increase reutilization within DHHS, information on available excess property needs to be shared among all the operating divisions and agencies. A catalog might encourage higher reutilization than the automated alternatives since some Federal agencies that produce catalogs find that they are used more than computer screening because they are easy to use.

Catalogs, however, have some drawbacks. They are time consuming to produce, which tends to age the information in them. A catalog only lists available excess personal property, whereas a computer system can include additional features to ease the search for excess property. For example, a catalog will list items by FSC, but an automated system can list items by FSC or keyword description. Also, the list of items can be limited by condition code and/or location.

A feature that goes one step further is a want list. A user can enter a list of items that are needed and the system will routinely (generally weekly) check to determine whether any of those items is listed as excess. If a match is found, the user is notified with a message. [Several Federal agencies regard a want list feature as unwieldy. The FAA system has a want list feature, but the FAA PMO we spoke with said she prefers to keep a written list because it is easier to maintain.]

Finally, an automated system can allow freezing an item for possible transfer. Most DHHS PMOs want only the owner to be able to freeze an item. To freeze an item, a user calls the point of contact and requests the item to be frozen. The point of contact then changes the disposition code to frozen. The system continues to list the item but shows that it is frozen. An HHS 22 can then be printed. Most PMOs think that, for local transfers, the gaining agency should have 2 weeks to pick up an item.

For out-of-area transfers, the gaining agency should have a month. If the gaining agency has not moved the item within the defined period, the item will automatically "thaw" and become available to anyone.

That rudimentary freezing process can be enhanced. The thaw date can be listed so users interested in the item can check back at the appropriate time to see whether the item has become available. This enhancement can be easily made. A more sophisticated enhancement allows wait lists. If an item is frozen, an interested user can add his/her name to a list. If the item thaws, it would either automatically go to the first person wait listed, or the system would generate a message to everyone who had shown an interest in obtaining the item so that they may once again bid for it.

For ADPE costing more than $50,000, DHHS OIRM needs to approve transfers. The OIRM staff does not want the item going to the first requester. It wants to ensure that large computer equipment transfers go to the agencies with the greatest need.

RECOMMENDATIONS

Recommendation 1: Ensure that all policies for managing excess property comply with Federal regulations

The DHHS must change its current procedures to comply with Federal regulations that require Department-wide screening of excess property. The ALRS should enforce the Department's policy requiring that all DHHS agencies screen their excess property Department-wide. Each of the seven alternatives described in Chapter 2 affords the Department the capability to comply with Federal regulations. The ALRS can further enhance the potential for excess property reutilization by providing training to property management staff members in condition code assignment procedures and use of the GSA MUFFIN bulletin board. The ALRS should also require that cannibalized items (especially ADPE) are properly identified on any record or document that is shared between agencies. The GSA requires that cannibalized property be accurately described on reporting documentation.

Recommendation 2: Encourage DHHS senior managers to reutilize excess property

The DHHS should encourage senior managers, either by letter or by direct contact, to reutilize excess property whenever possible. Encouragement could take

the form of recognition or some other type of incentive for achieving a high reutilization rate within an agency. If the Department's senior managers are not convinced that serviceable property can be obtained from excess inventories, then they will not encourage reutilization.

Recommendation 3: Automate the DHHS excess property management program

The DHHS has several alternatives that can facilitate compliance with Federal regulations. We recommend that the Department automate its excess property program by using a borrowed central excess system – specifically, the FAA excess system. A summary of the FAA system's features is included in Appendix E. We estimate the cost of implementing that system to be $297,600, with annual recurring costs of less than $259,600 in FY91 dollars. The system will pay for itself within 2 years of implementation. We believe a central property management system might provide more benefit to the Department beyond its contribution to excess property management. However, current DHHS budget reductions and the Department's decentralized management philosophy would discourage such an undertaking. Therefore, the best alternative for excess property management is the central excess system.

Recommendation 4: Develop a data dictionary for an automated system prior to system design

One drawback in the design of automated systems is that they invariably require changes after their initial installation. If the DHHS chooses to automate excess property utilization and disposal, it should ensure that the data dictionary that defines a property record is developed and agreed upon by system users. The data elements should be able to provide managers and users with the information they require to manage excess property efficiently and effectively. The conversion programming, from current property systems to either a central property management system or a central excess system, should provide the same information in a consistent format to the data base from any DHHS agency.

Recommendation 5: Test automated systems before fully implementing them

Most of the agencies that use central data-base systems pilot test them before installing them throughout the agency. We recommend that DHHS pilot test any automated system it chooses before making it fully operational. Since OASH would require access to all of a system's features (including remote generation of the HHS 22), we recommend that automated excess systems be tested using the data pertaining to items that OASH reports to GSA. After successful completion of system testing, the automated system should be phased in to other agencies.

Recommendation 6: Designate offices for data input and access to screening

The users who input excess property records for Department-wide screening should be limited to those who are authorized control over disposal of those items. We recommend that ALRS ensure that initially only the operating division and agency property management staffs and the IHS area property managers provide excess property information. A majority of the excess property that is generated in DHHS is reported by those offices. The Department should gradually increase access to the system to allow any office that reports excess property to the GSA to report excess property through the Departmental system. Since some remote field offices (e.g., the SSA and FDA field offices) are authorized to report excess property to GSA, procedures should be established to ensure central property data bases are properly updated. Eventually the Department can increase the number of people with access to the system by allowing others to view records but not change them.

Recommendation 7: Establish automated system update and freeze limit guidelines

Most of the automated systems we reviewed used overnight batch processing to update information. PMOs should be required to update the central data base daily (weekly for the MUFFIN alternative), and limits should be placed on freezing a property record. We recommend that the freezing period be restricted to 2 weeks for local property transfers and 4 weeks for long-distance property transfers. The gaining agency must arrange to transfer the item within the specified time or it becomes available to other agencies. One of the greatest concerns that DHHS property managers have is that the installation of an automated system will extend

the screening period for property. Therefore, they believe that limiting the time that an item is suspended pending transfer to another agency will encourage shorter transfer delays. We agree with them and think that the 2-week (local) and 4-week (long-distance) periods are long enough to arrange the transfer of property between two DHHS agencies.

Recommendation 8: Report some items directly to GSA

Most of the items that are reutilized are those that are in Condition Code 6 or better.[1] The other items, especially those in Condition Code 9 or worse, are not normally claimed from excess inventory. Excess property in Condition Code 7 or worse should be reported directly to the GSA for Federal screening and/or disposition instructions. A DHHS automated system should report those items directly to the GSA while maintaining the record in the data base. On occasion, an agency needs an item in any condition and can only get it from excess property. The automated system is designed to report to the GSA so all reported items will be in the data base until their final disposition.

During our analysis, we observed some additional areas for improving excess property management. The following recommendations are the result of those observations.

Recommendation 9: Permit cross-regional transfers of property

A Departmental policy discourages the transfer of excess property from one region to another. That policy should be updated to allow transfers between all Departmental locations when it is economically feasible or when an agency could not otherwise acquire the desired item. We believe that property managers should be encouraged to use common sense when the transfers require long-distance shipping.

Recommendation 10: Encourage agencies to award incentive contracts for packaging and transfer of excess property

Most DHHS agencies have experienced shortfalls in the handling of excess property from the user to their warehouses and from the warehouses to GSA. Those shortfalls have been experienced primarily in the form of damage to property items,

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[1]Condition codes are assigned numerically from 1 to 9, but also include "X" and "S" (scrap); the lower the code number, the better the condition of the excess item.

degrading their condition from one point to the other. The DHHS agencies should issue contracts with incentive clauses to reward those contract movers who treat Government property with proper care and handling. The awards could be structured to reward a contractor for achieving predetermined levels of undamaged shipments, both from users to warehouses and from warehouses to the GSA.

Recommendation 11: Modify the DHHS HHS 22 property transfer document

The DHHS property transfer document can and should be redesigned to include the same information as that on the SF 120, *Report of Excess Personal Property*. If the Department implements an automated excess system or a central property system, generation of the HHS 22 would be simplified if it contained the same data elements used on the SF 120. Modification of the HHS 22 would enable property management staff personnel to make internal transfers or report excess property to the GSA with a minimal change to the excess item record.

APPENDIX A

PROPERTY MANAGEMENT SYSTEM CONFIGURATIONS

PROPERTY MANAGEMENT SYSTEM CONFIGURATIONS

The Department of Health and Human Services has a number of property management systems, most of which have been recently developed or upgraded. Eight of those systems are on personal computers (PCs) with three of them configured as PC/local area network (LAN) and two configured as PC mainframe computer systems. Five other property systems in the Department are on mainframe computers. In addition to the proliferation of property management system configurations, DHHS agencies use nine data-base software applications. Table A-1 shows the Department's agencies that have property systems, the system configurations used to manage the agencies' property, and the software packages that are used to hold the property records.

TABLE A-1

PROPERTY MANAGEMENT SYSTEM CONFIGURATIONS

Agency	System configuration	Data base software used
Office of the Secretary	PC/LAN	Advanced Revelation
Office of Human Development Services	Mainframe	Paradox
Social Security Administration	PC/LAN	Quetel
Health Care Financing Administration	PC/mainframe	Relational Data Base
Family Support Administration	PC	dBASE
Public Health Service		
Office of the Assistant Secretary for Health	PC	Quetel
National Institutes of Health	Mainframe	In-house
Food and Drug Administration	Mainframe	ORACLE
Centers for Disease Control	Mainframe	In-house
Indian Health Service	Mainframe	NECOP
Health Resources and Services Administration	PC/mainframe	dBASE/NECOP
Alcohol, Drug Abuse, and Mental Health Administration	PC/LAN	dBASE
Regional Administrative Support Centers	PC	KATIE

Note: NECOP = nonexpendable control of property.

APPENDIX B

PROPERTY MANAGEMENT SYSTEM DATA ELEMENTS

PROPERTY MANAGEMENT SYSTEM DATA ELEMENTS

A minimum amount of information is needed in an automated excess system for it to be efficient. Since much of the property information required in an excess system data base is maintained in active property records, the Department of Health and Human Services property management system data elements are included in Table B-1.

TABLE B-1

PROPERTY MANAGEMENT SYSTEM DATA ELEMENTS

Data elements	OAGM	OHDS	FSA	SSA	HCFA	PHS OASH	PHS ADAMHA	PHS FDA	PHS CDC	PHS HRSA	PHS IHS	PHS NIH	OS	OIRM
Decal bar code #	x	[illegible]	x	x	[illegible]	x	x	[illegible]	x	[illegible]	x	x	x	x
Item description	x	x	x	x	x	x	x	x	x	x	x	x	x	x
Serial number	x	x	x	x	x	x	x	x	x	x	x	x	x	x
Manufacturer	x	x	x	x	x			x				x	x	x
Model	x	x	x	x	x							x	x	x
Custodial code	x	x	x	x	x	x	x		x	x	x	x	x	
Acquisition cost	x	x	x	x	x	x	x	x	x	x	x	x	p	x
Acquisition date	x	x	x	x	x			x				x	x	x
Acquisition FY					x							x		x
Acquisition source					x						x	x		x
Purchase order #	x	x		x	x	x	x	x	x	x	x	x	x	x
Estimated life	x		x		x		x		x	y	x	x		
Annual depreciation		x			x							x		
Cumulative depreciation	x				x							x		
Monthly depreciation	x											x	x	
Present value				x	x	x		x				x	x	
Replacement year						x	x	x		x	x			
Salvage value					x				x					
Object classification	x			x	x			x					p	x
Unit price	x		x		x								p	x
Replacement cost							x			x	x			
Source code							x			x	x			
Capitalized equipment				x				x				x		
Federal stock classification	x			x	x	x	y	x	x	x	x	x	p	
Status code			x	x	x	x					x		x	
Status date				x	x			x					x	
Transfer date				x	x								x	
Transfer code					x	x								x
Primary custodial area					x			x	x					
Receiving agency	x	x			x								p	x
Name	x	x	x		x							x	p	x
Location	x	x	x	x	x	x	x	x	x	x	x	x	x	x
Building number	x	x	x	x		x	x			x		x	x	x
Room number	x	x	x	x		x	x	x		x		x	x	x
Phone number		x			x									
Property class				x				x						x
Quantity		x	x				x			x	x		x	
Inventory date		x	x	x								x		x
Inventory frequency							x			x	x			x
Inventory location		x		x					x					x
Voucher number						x	x		x	x	x	x	x	x
Transaction date	x							x	x					
Transaction code	x					x	x	x	x	x	x	x	x	
Agency ID number								x	x					
Property description							x			x	x			
CAN number	x			x										
Condition code	x				y			x				x	p	
Unit of issue	x							x				x	x	
Lease buy-out costs	x												p	
Lease cost	x													
Warranty expiration date	x													
Maintenance contract code	x													x
														x

Notes: P = Provided by Procurement, D = Decal number used vice bar code number

OAGM = Office of Acquisition and Grants Management
SSA = Social Security Administration
PHS/ADAMHA = Alcohol, Drug Abuse, and Mental Health Administration
PHS/HRSA = Health Resources and Services Administration
OS = Office of the Secretary

OHDS = Office of Human Development Services
HCFA = Health Care Financing Administration
PHS/FDA = Food and Drug Administration
PHS/IHS = Indian Health Service
OIRM = Office of Information Resources Management

FSA = Family Support Administration
PHS/OASH = Office of the Assistant Secretary for Health
PHS/CDC = Centers for Disease Control
PHS/NIH = National Institutes of Health
CAN = Common Account Number
PHS = Public Health Service

APPENDIX C

GSA EXCESS/SURPLUS PERSONAL PROPERTY DISPOSAL RECORD FORMAT

GSA EXCESS/SURPLUS PERSONAL PROPERTY DISPOSAL RECORD FORMAT

RECORD FORMATS

To make a direct electronic exchange of information from a Department of Health and Human Services (DHHS) automated excess system to the General Services Administration (GSA) Federal Supply System (FSS)-23 system, the records that are transferred need to be compatible with the GSA record format. Tables C-1 through C-7 show the record formats used in the GSA FSS-23 Excess/Surplus Personal Property Disposal System. The notes included at the end of this appendix provide explanation where it is needed. The following information defines the column headings for the record format matrices.

- Field name – Self- explanatory.
- Field location – The column positions in the 80-column format in which the field is located.
- Number of characters – Field length.
- A/N – The type of field for that location. An A stands for an alphabetical field; an N stands for a numeric field, and A/N means that the field is alpha/numeric.
- Constant – Self-explanatory.
- O/M – Describes whether the field is optional or mandatory.
- F/V – Describes whether the field length is fixed or variable.
- RJ/LJ – Describes whether the field is right justified or left justified.

TABLE C-1

AUTOMATED RECORD TYPE "A"

Field name	Field location	Number of characters	A/N	Constant	O/M	F/V	RJ/ LJ	0	Special edit field location
Record type code	1	1		A					
GSA region code	2	1	A/N		M	F			Note 1
FSC	3-6	4	N		M	F			Note 2
NIIN	7-15	9	A/N		O	F			Note 3
Item control number	16-29	14	A/N		M	F			Note 4
Supply condition code	30	1	A		O	F			A-H or S
Disposal condition code	31	1	A/N		M	F			1-9, or X
Reimbursement code	32	1	A/N		M	F			Note 5
Material screening code	33	1	A		M	F			Note 6
Unit price	34-40	7	SC, N		M	F	RJ	X	Note 7
Quantity	41-45	5	N		M	F	RJ	X	
Unit of issue	46-47	2	A		M	F			
Surplus release date	48-52	5	N		O	F			Note 8
Agency/bureau code	53-56	4	N		M	F			
State located code	57-58	2	N		M	F			FIPS
DML code	59	1	A		O	F			Note 9
Contractor indicator	60	1	A		O	F			Note 10
Filler	61	1		O					
Fair market value	62-68	7	N		O	F	RJ	X	Note 11
Filler	69-76	8		O					
Agency indicator	77-80	4	A/N		M	V	RJ		As assigned by GSA

Note: FSC = Federal Supply Class; NIIN = national item identification number; DML = Demilitarization.

TABLE C-2

AUTOMATED RECORD TYPE "B"

Field name	Field location	Number of characters	A/N	Constant	O/M	F/V	RJ/ LJ	0	Special edit field location
Record type code	1	1		B					
Item name	2-70	69	SC A/N		M	V	LJ		
Filler	71-80	10		O					

TABLE C-3

AUTOMATED RECORD TYPE "D"

Field name	Field location	Number of characters	A/N	Constant	O/M	F/V	RJ/ LJ	0	Special edit field location
Record type code	1	1		D					Note 12
Item description	2-80	79	SC A/N		M	V	LJ		

TABLE C-4

AUTOMATED RECORD TYPE "E"

Field name	Field location	Number of characters	A/N	Constant	O/M	F/V	RJ? LJ	0	Special edit field location
Record type code (first)	1	1		E					Note 13
Reporting address line 1	2-37	36	SC A/N		M	V	LJ		
Reporting address line 2	38-73	36	SC A/N		M	V	LJ		
Filler	74-80	7		O					
Record type code (second)	1	1		E					
Reporting address line 3	2-37	36	SC A/N		O	V	LJ		
Reporting city and state	38-68	31	SC A/N		M	V	LJ		See ALPHA codes manual
Filler	69	1		O					
Reporting ZIP code	70-78	9	N		M	V			Note 14
Filler	79-80	2		O					

TABLE C-5

AUTOMATED RECORD TYPE "F"

Field name	Field location	Number of characters	A/N	Constant	O/M	F/V	RJ/ ⊔	0	Special edit field location
Record type code (first)	1	1		F					Note 15
Location address line 1	2-37	36	SC A/N		M	V	⊔		
Location address line 2	38-73	36	SC A/N		M	V	⊔		
Filler	74-80	7		O					
Record type code (second)	1	1		F					
Location address line 3	2-37	36	SC A/N		O	V	⊔		
Location city and state	38-68	31	SC A/N		M	V	⊔		See ALPHA codes manual
Filler	69	1		O					
Location ZIP code	70-78	9	N		M	V			Note 14
Filler	79-80	2		O					

TABLE C-6

AUTOMATED RECORD TYPE "G"

Field name	Field location	Number of characters	A/N	Constant	O/M	F/V	RJ/ ⊔	0	Special edit field location
Record type code	1	1		O					
Reporting contact	2-21	20	SC A/N		O	V			
Reporting FTS number	22-28	7	N		O	F			
Reporting commercial number	29-38	10	A/N		O	F			
Location contact	39-58	20	SC A/N		O	V			
Location FTS number	59-65	7	N		O	F			
Location commercial number	66-75	10	A/N		O	F			
Filler	76-80	5		O					

Note: FTS = Federal Telecommunications System.

TABLE C-7

AUTOMATED RECORD TYPE "H"

Field name	Field location	Number of characters	A/N	Constant	O/M	F/V	RJ/ LJ	0	Special edit field location
Record type code	1	1		H					
Appropriation data	2-49	48	SC A/N		O	V	LJ		Note 16
Filler	50-80	31		O					

NOTES TO TABLES C-1 THROUGH C-7

Note 1: Number of GSA region of property location. Must equal 0–9 or W for Regions 10, 1–9, or National Capital Region, respectively.

Note 2: Federal Supply Classification (FSC) class identifying property category. Must conform to *Cataloging Handbook H2-1*.

Note 3: National item identification number (NIIN), a 9-position FSC class suffix identifying a specific item of property. Must equal 9 positions or blank. The combined FSC class and NIIN form a National Stock Number.

Note 4: The item control number is used to identify each "line item" of property reported to GSA for utilization or sales processing. For the purpose of this reporting requirement, a line item is defined as a quantity of property physically located at one site and having the same description, condition code, and unit price. The item control number consists of the 10-position report number from block 1 of Standard Form (SF) 120 (Block 2 of SF 126), and the 4-position item number from block 18(a) of SF 120, [Block 16(a) of SF 126]. Construction of the item control number must conform with 41 Code of Federal Regulations (CFR) Parts 101-43 and 101-45 requirements.

Note 5: 1 = reimbursable; 2 = nonreimbursable; 4 = exchange/sale; C = civil agency item not to be sold by GSA; D = property that cannot be donated; M = military item to be sold by GSA.

Note 6: The material screening code (MSC) must = "R" (reportable) or "N" (nonreported). If MSC = R, the item will be subject to 60 days' utilization screening and 21 days' donation screening prior to sales referral. If, MSC = N, the item will be subject to 21 days' utilization and 21 days' donation screening prior to sales referral. The criteria defining reportable property are published at 41 CFR Part 101-43.4801.

Note 7: Include dollars and cents (without decimal). If unit price exceeds $99,999.99, enter "999999*".

Note 8: The surplus release date (SRD) field may either be left blank for assignment by GSA or be calculated by the reporting agency. If entered, submit in 5-digit Julian date format (YYDDD) and calculate all SRDs to fall on Fridays. For items being reported by electronic transmission, a minimum of current date plus 63 days for MSC = R items and current date plus 28 days for MSC = N items.

Note 9: Demilitarization (DML) codes C, D, E, F, and L are to be entered, if applicable [see 41 CFR Part 101-43.315-5(h)].

Note 10: Enter "C" if the item being reported is excess contractor inventory property. Otherwise, field is blank.

Note 11: If cc 32 = 1 or 4, enter amount of reimbursement required if applicable. Reflect dollar amounts only (no cents).

Note 12: One "D" record is mandatory. A maximum of 51 "D" records may appear for each item.

Note 13: Two "E" records are mandatory to identify the reporting activity. This is the address to which GSA will forward all utilization and disposal documentation. If no "F" records are present, the "E" record data will be transposed to the location address field (see Note 15, below).

Note 14: ZIP + 4 format, with cc 70-74 the mandatory 5-digit postal ZIP code and cc 75-78 the optional ZIP code suffix.

Note 15: The "F" records are optional if the location address and reporting activity address are identical. If the location address differs from the reporting activity address, two "F" records are mandatory. The location address must identify the actual site where the item being reported is physically located. It cannot consist of a Post Office box number only without street address designation.

Note 16: Enter the applicable appropriation account number in those cases where the net proceeds of disposition are to be returned to the reporting agency. If a specific appropriation account number is not available, the appropriate station deposit symbol may be substituted. If an "H" record is submitted, cc 2-5 are mandatory. Do not submit an "H" record when net proceeds are to be deposited in the Treasury as miscellaneous receipts.

APPENDIX D

GSA AUTOMATED RECORD DATA ELEMENTS VERSUS DATA ELEMENTS COLLECTED BY DEPARTMENT OF HEALTH AND HUMAN SERVICES AGENCIES

GSA AUTOMATED RECORD DATA ELEMENTS VERSUS DATA ELEMENTS COLLECTED BY DEPARTMENT OF HEALTH AND HUMAN SERVICES AGENCIES

Table D-1 shows the correlation between the data elements in the Department of Health and Human Services (DHHS) agencies' property systems and those in the GSA automated record. An "X" indicates a match between the two data bases.

TABLE D-1

GSA AUTOMATED RECORD DATA ELEMENTS VERSUS DATA ELEMENTS COLLECTED BY DHHS AGENCIES

Agency	GSA data elements											
	FSC	Disposal condition code	Reimbursement code	Material screening code[a]	Unit price	Quantity	Unit of issue	Agency/ bureau code	Fair market value[b]	Item name	Item description[c]	Location address
OS	x	x			x		x			x	x	
OASH	x				x				x	x		
AFC					x	x				x	x	
ADAMHA	x				x	x				x	x	
CDC	x				x			x		x	x	
HRSA	x				x	x				x	x	
NIH	x	x			x		x			x	x	
FDA	x	x			x			x	x	x	x	
IHS	x				x	x				x	x	
SSA	x				x				x	x	x	
HCFA	x	x			x				x	x	x	

Note: Item control number will be assigned when item is declared excess. Mandatory data elements that can be added to the record during conversion processing are: GSA region code, state located, agency indicator, reporting contact (including location and phone number). FSC = Federal Supply Class; OS = Office of the Secretary (DHHS); OASH = Office of the Assistant Secretary for Health; AFC = Administration for Families and Children; SSA = Social Security Administration (DHHS); HCFA = Health Care Financing Administration (DHHS); ADAMHA = Alcohol, Drug Abuse, and Mental Health Administration; CDC = Centers for Disease Control; HRSA = Health Resources and Services Administration; NIH = National Institutes of Health; FDA = Food and Drug Administration; IHS = Indian Health Service.

[a]Indicates whether an item is reportable or nonreportable.

[b]Only needed for reimbursable or exchange/sale items.

[c]Additional descriptive information such as manufacturer, model, acquisition date, estimated life, replacement year.

APPENDIX E

FEDERAL AVIATION ADMINISTRATION UTILIZATION, SCREENING, AND DISPOSAL SYSTEM

FEDERAL AVIATION ADMINISTRATION
UTILIZATION, SCREENING, AND DISPOSAL SYSTEM

The Utilization, Screening, and Disposal (USD) system is a stand-alone, menu-driven system that reports, tracks, controls, and accounts for Federal Aviation Administration (FAA) personal property until final disposition. It offers on-line, interactive access to a centralized data base of agency excess/surplus information, and it has been operational since May 1986.[1]

The USD operates on an IBM 3084 and users enter data on an IBM personal computer (PC). The system is programmed in Natural™, a data base management system. Excess information is automatically sent from the system to the General Services Administration (GSA) weekly, via the automatic digital network (AUTODIN). Among other features, USD has the ability to automatically generate requisitions, shipping documents, and transfer orders. The system has built-in security measures to prevent unauthorized access and an edit function to prevent entry errors. An important function is that USD features indirect access to functions outside of the main menu, which saves time and telecommunications costs. USD enables managers to compile extensive performance statistics to use as an evaluative tool and as a basis for program changes.

The USD functions include the following:

- Search/inquire for property
- Add want list entry
- Generate requisition requests
- Generate shipping orders
- Acquire property from other Government agencies
- Generate property custodian disposition instructions
- Add freeze requests

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[1]This appendix is extracted from the Ad Hoc Interagency Committee on Property Management System's Report No. 5 dated May 1988.

- Initiate sales of FAA property
- Initiate automatic sales lotting
- Inquire logistics cataloging detail
- Inquire item disposition status history
- Inquire current year-to-date annual report by region.

APPENDIX F

IMPLEMENTATION COST COMPARISON

IMPLEMENTATION COST COMPARISON

TABLE F-1

NONRECURRING COST CATEGORIES

(FY91 dollars)

Cost category	Alternative						
	Legal baseline ($)	1A Paper catalog ($)	1B Disk catalog ($)	2A New central excess system ($)	2B Borrowed central excess system ($)	2C MUFFIN (front end) ($)	3 Central property management system ($)
Applications programming	0	8,000	8,000	2,300,000	100,000	67,900	184,000
Conversion programming	0	0	0	125,000	125,000	125,000	233,500
Advisory board	0	0	0	2,100	2,100	2,100	2,100
Training	0	13,600	16,200	16,200	16,200	13,600	53,200
Software purchase	0	500	21,300	2,000	2,000	2,000	2,000
Hardware purchase							
Cost per PC	0	3,600	3,600	3,600	3,600	3,600	3,600
Number of PCs	0	13	13	13	13	13	13
Total PC cost	0	47,400	47,400	47,400	47,400	47,400	47,400
Cost per modem	0	0	0	147	147	147	147
Number of modems	0	0	0	33	33	33	33
Total modem cost	0	0	0	4,900	4,900	4,900	4,900
Total hardware cost	0	0	47,400	52,300	52,300	52,300	52,300
Total nonrecurring costs	0	69,600	93,000	2,497,600	297,600	262,900	527,100

Note: PC = personal computer.

TABLE F-2

RECURRING COST CATEGORIES

(FY91 dollars)

Cost category	Alternatives						
	Legal baseline ($)	1A Paper catalog ($)	1B Disk catalog ($)	2A New central excess system ($)	2B Borrowed central excess system ($)	2C MUFFIN (front end ($)	3 Central property manage-ment system ($)
Recurring costs							
Reproduction	8,300	15,300	0	0	0	0	0
Postage	44,000	7,500	1,000	0	0	0	0
Facility (storage)	65,000	141,400	134,800	18,200	18,200	98,300	18,400
Labor-personnel	10,900	9,300	9,300	52,300	52,300	24,100	48,200
Transportation	0	120,000	120,000	120,000	120,000	120,000	120,000
Record Maintenance	0	0	0	69,000	69,000	69,000	757,200
Disk pack storage devices	0	0	0	0	0	0	26,000
Total recurring costs	128,200	293,500	265,100	259,500	259,500	311,400	969,800
Recurring savings							
Labor-data entry	0	10,900	10,900	10,900	10,900	10,900	10,900
GSA report	0	1,100	1,100	1,100	1,100	1,100	1,100
Postage	0	0	0	1,200	1,200	1,200	1,200
Reutilization	300,000	1,200,000	600,000	900,000	900,000	900,000	1,500,000
Total recurring savings	300,000	1,212,000	612,000	913,200	913,200	913,200	1,513,200

Note: GSA = General Services Administration.

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The Department of Health and Human Services (DHHS) manages more than half a million personal property items for which acquisition cost exceeds $1.6 billion. Each fiscal year DHHS generates more than $30 million in excess property. Management of excess property is governed by the Federal Property Management Regulations, which require the Department to screen for reuse before disposing of property. DHHS wants to improve its compliance with the FPMR while at the same time to reduce the administrative cost of excess property reporting. The Department must change its current system to comply with the FPMR by requiring its components to screen excess property with each other before reporting it to the General Services Administration for Federal-level screening. The DHHS has three alternative procedures from which to choose for management of its excess property. They are: production of a consolidated excess property catalog which can be distributed twice a month, installing and operating an automated cental excess property management system (either developed in-house or borrowed from another Federal agency), or installing an automated central property management system with an excess property subsystem. We recommend that DHHS borrow the Federal Aviation Administration's Utilization, Screening, and Disposal System.

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