



# **Asset Leadership Network**

## **What about Value from Government Personal Property Assets?**

October 13, 2021

# Property and Assets



**Asset Leadership Network**

- Assets are about value
- Property is about ownership
- The terms are generally interchangeable in asset management discussions

# Real Property and Personal Property

- Real property is...
- Personal property is ....



**Asset Leadership Network**

**Summary Table A. Capital Expenditures and Relative Standard Errors (RSE) for Structures and Equipment: 2018 and 2017**  
 Revised  
 (Billions of current dollars)

Capital expenditures	2018	2018 RSE	2017	2017 RSE	Difference	% Change
<b>Total</b>						
Companies with employees	1,697.9	0.6	1,577.8	0.8	120.1	7.6
Companies without employees <sup>1</sup>	N/A	N/A	101.0	6.7	N/A	N/A
<b>Structures</b>						
Companies with employees	644.4	1.0	612.0	1.5	32.4	5.3
Companies without employees	N/A	N/A	53.6	9.4	N/A	N/A
<b>Equipment</b>						
Companies with employees	1,053.5	0.7	965.8	0.8	87.7	9.1
Companies without employees	N/A	N/A	47.4	5.2	N/A	N/A

<sup>1</sup> Data for nonemployers was not collected in 2018.

Source: U.S. Census Bureau, 2018 Annual Capital Expenditures Survey

Note: Detail may not add to total because of rounding.

NS: Not Statistically Significant



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# Capital and Expensed



- Capital thresholds higher for US Government agencies
- Expensed items greatly more in number, but in cost?
- Real property is virtually all capital
- Personal property is both capital and expensed

# A longer term perspective

- What does a comparison over time, rather than a snapshot, look like?
- Let's say real property has a 30 year life
- And personal property has a 5 year life
- Then we should multiply the personal property numbers by 6 to compare the investment.
- What about the value from these assets?





- Lack of alignment between financial and non-financial functions can be attributed to **silos in an organization**, including reporting structures, functional/operational business processes, and related technical data. The United States Government's "Government Accountability Office interviews with **asset management experts**" [23] advises that "... silos are necessary to allow for the required level of specialization, but if these silos do not communicate, inefficiencies and errors in asset management result" and that **"when asset management implementation fails, it is often because asset management staff and senior management are not in alignment"**.

- [23] US GAO. Federal Real Property Asset Management: Agencies Could Benefit from Additional Information on Leading Practices. Report to Congressional Requesters. GAO 19-57. United States Government Accountability Office, 2018. Available from: <https://www.gao.gov/assets/700/695240.pdf>