Testimony of
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Before the Subcommittee on Forests and Forest Health
House Committee on Resources
Hearing on
H.R. 1370 – Federal Land Asset Inventory Reform (FLAIR) Act
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Mr. Chairman, members of the Subcommittee, I am John Palatiello, Executive Director of MAPPS, a national trade and professional association of more than 150 of the nation's leading mapping, geospatial and geographic information firms. Our members provide location and geography-based services ranging from commercial satellite remote sensing to land surveying, and every service in between.

Mr. Chairman, MAPPS strongly supports H.R. 1370, the FLAIR Act, introduced by Representative Cannon and 20 bipartisan cosponsors.

The Problem – Lack of a Current, Accurate Inventory of Federal Land Ownership

The need for the FLAIR Act has been identified by several reports by the Government Accountability Office (GAO), the National Academy of Sciences and the Executive Branch itself.

In GAO-03-122, it was found that over 30 Federal agencies control hundreds of thousands of real property assets worldwide, including facilities and land, worth hundreds of billions of dollars. However, the portfolio is not well managed, many assets are no longer consistent with agency mission or needs and are therefore no longer needed, and many assets are in an alarming state of disrepair.

In GAO-T-RCED-95-117, Congress was told "the General Services Administration publishes statistics on the amount of land managed by each federal agency. However, we found this information was not current or reliable".

GAO-02-342 concluded "GSA's worldwide inventory of federal real property contained data that were unreliable and of limited usefulness. Given this, decision-makers such as Congress and OMB do not have access to quality data on what real property assets the government owns, their value, whether the assets are being used efficiently, and what overall costs are involved in preserving, protecting, and investing in them."

The Federal government's poor management of its real property assets is one of the High Risk activities of the government, as identified by GAO. In GAO-05-207, it was reported that many of the Federal government's assets "are no longer effectively aligned with, or responsive to, agencies' changing missions. Further, many assets are in an alarming state of deterioration." GAO also said "compounding these problems are the lack of reliable government-wide data for strategic asset management."

The GAO also reports (GAO-03-839T) that the government's worldwide inventory of property, the only central source of descriptive data on the makeup of the real property inventory, does "not contain certain key data—such as data related to space utilization, facility condition, historical condition, historical significance, security, and age—that would be useful for budgeting and strategic management purposes".

Each year, Treasury and OMB are required by the Government Management Reform Act of 1994 (31 USC 331(e) to prepare an annual financial statement of the Government of the United States, including all assets and liabilities. The law also requires the Comptroller General to audit the financial statement. In 2004, The Comptroller General reported the following "material

deficiencies" in the government's financial statement included an inability to "satisfactorily determine that property, plant, and equipment and inventories and related property" and "reasonably estimate or adequately support amounts reported for certain liabilities, such as environmental … liabilities".

And again just last month, in testimony before the Senate, GAO said the Federal government needed to "ensure that reliable government-wide and agency-specific real property data – both financial and program related – are available for informed decisionmaking." (GAO-06-248T).

The National Academy of Sciences recently reported, "The accuracy, integrity, and completeness of the information within these databases vary. If departments and agencies are to develop effective performance measurement systems, accurate and complete information on these types of facilities portfolio characteristics are required." (Key Performance Indicators for Federal Facilities Portfolios: Federal Facilities Council Technical Report, National Academy of Sciences, 2005)

In testimony before the House Interior Appropriations Subcommittee on March 2, 2005, Secretary Norton said –

> "The Department currently uses 26 different financial management systems and over 100 different property systems. Employees must enter procurement transactions multiple times in different systems so that the data are captured in real property inventories, financial systems, and acquisition systems. This fractured approach is both costly and burdensome to manage. We have underway an integration of our financial and business management systems to streamline and modernize basic administrative activities."

To its credit, the Bush Administration is attempting to address this problem. Executive Order 13327, issued February 4, 2004 calls for the creation of "a single, comprehensive, and descriptive database of all real property under the custody and control of all executive branch agencies."

There are two major problems with the Executive Order and its implementation. First, the public lands are exempt. ("Sec. 7. Public Lands. In order to ensure that Federally owned lands, other than the real property covered by this order, are managed in the most effective and economic manner, the Departments of Agriculture and the Interior shall take such steps as are appropriate to improve their management of public lands and National Forest System lands and shall develop appropriate legislative proposals necessary to facilitate that result.") Second, the inventory being developed by GSA does not have a mapping or geospatial component. The inventory is being developed in a manner that the National Academy of Sciences has referred to as "the business model and technological environment of the 1950s".

The bottom line, Mr. Chairman, is the Federal government does not know what it owns, where it owns it, what condition it is in, what its appraised or market value is, what its characteristics are, whether it is still in the public interest for the government to own it, whether it should be surplused and disposed, or what its designated use should be.

As an example of the Federal Government's inaccurate land asset accounting, the database used by GSA, which is the best the government has, reported in 2003 that the percentage of Federal land ownership in Oregon was 49.7%. In 2004, this percentage was 53.1%. What explains this dramatic change in just ONE year? Certainly the Federal Government did not purchase almost 3 and one-half percent of the land mass of Oregon in one year. The reason is poor accounting.

The Solution – H.R. 1370

As far back as 1980, the National Academy of Sciences said, "There is a critical need for a better land-information system in the United States to improve land-conveyance procedures, furnish a basis for equitable taxation, and provide much-needed information for resource management and environmental planning." (Need for a Multipurpose Cadastre).

In the 97th Congress, 1981, Mr. Lujan of New Mexico, the former ranking minority member of this committee and later Secretary of the Interior, introduced H.R. 4399, the Federal Land Survey Act. That bill included a provision to direct the Secretary of the Interior, the Secretary of Commerce, and the Secretary of Agriculture, in consultation with State governors and the President of the National Academy of Sciences, to: (1) conduct an assessment of multipurpose national cadastre information needs; and (2) develop a feasibility study for the establishment of a multipurpose national cadastre system. Although that bill did not pass, the need for a land information system, particularly of Federal lands, is still needed today. By the way, that bipartisan legislation had 29 cosponsors, including then-Representatives Cheney of Wyoming and Mineta of Calilfornia.

We strongly support H.R. 1370, the Federal Land Asset Inventory Reform, or "FLAIR" Act, introduced in March of this year by Mr. Cannon of Utah.

Why is a Federal land inventory, as envisioned in the FLAIR Act necessary?

I noted earlier, GAO has found that the government lacks a current, accurate, reliable land inventory.

Since the National Academy issued its recommendation in 1980, the technology and capability of land or geographic information systems (GIS) has exploded.

Over the past decade, nearly 30 Governors and State Legislatures have created state land inventories.

Let me give you three examples of what some States have found.

1. In California, an inventory discovered that in 1955, the state purchased a golf course in Oakland to make way for a highway. The road was never built, and the state still owns the land, unbeknownst to any state agency.

2. In South Carolina, Governor Mark Sanford (R) found the University of South Carolina, a state university, still owned Wedge Plantation, a 1,500 acre tract valued at $5 million, originally used for research of insect-borne diseases, but now leased to a half-dozen hunters who pay no rent.

3. In Massachusetts, the idea of a land inventory to identify surplus or under-utilized government land has caught on. House Speaker Salvatore DiMasi (D) wants to inventory state owned land in order to use the real estate to solve another problem – a shortage of affordable housing. As the *Patriot-Ledger*, a South Boston newspaper, said in an editorial, "The state is forever tinkering with laws and regulations to encourage affordable housing while overlooking land in its own inventory." Florida is also conducting a state land inventory – to preserve environmentally sensitive land that should stay in state ownership, and to identify land that can be used to solve the state's affordable housing crisis.

The return on investment for such "cadastres" or geographic information systems (GIS) is significant.

• The Los Angeles County Assessors Office has reduced their yearly overtime hours from 1200 to zero. The cost and staff saving have been generated by a more automated assessor map creation and reproduction methodology with GIS.

• The state of Wyoming used its GIS to audit the mass appraisal process and found that approximately 250,000 parcels were not on the tax rolls.

• In 1995, the city of Philadelphia (PA) used GIS to optimize their garbage truck routes. In the following year the city saved over $1 million in overtime.

• The Metropolitan Sewer District (Cincinnati, OH) used GIS to find parcels with sewer connections which were not being billed. The District generated thousands of dollars of missing revenue that more than covered the cost of their GIS.

• A study to determine the possible cost savings that could be achieved by implementing a multi-participant GIS system discovered that if data were exchanged electronically, Santa Clara County, CA estimated that staff time would be reduced by 75 percent, resulting in an annual savings of $720,000. In addition, it was estimated that if all agencies and departments used the same base map and map updates were coordinated to eliminate duplication of effort approximately $684,000 in map maintenance costs could be saved annually.

• The city of St. Paul, MN participated in the Local Update of Census Addresses (LUCA) program. This program allows communities to ensure that the Census Bureau has accurate information. The City used GIS and identified 1,099 housing units that the Census Bureau had not accounted for. The 2,900 people residing in the additional housing will result in the City receiving an additional estimated $5 million in federal funding over a ten-year period.

• Chester County PA reported that using traditional sampling techniques against the CATV database, returned an error rate that computed to $2,000. Nine months later, GIS allowed us to utilize all the cable company's address records from the identical database. They identified customers not in assessment database, records had improper taxing districts, mailing address errors, and more. The result: $63,000 in revenue was generated from this analysis; cellular phone audit returned $650,000, and resort tax audit for condominium properties brought in $700,000.

• A statewide cadastre, or land inventory, partially funded by BLM, in Montana found a return on investment of $1.25 for every $1 invested, and an efficiency savings of 65 percent on every transaction conducted using the system.

A Republican Study Committee fact sheet on Federal real estate holdings reports that more than 5.1 million acres of federal land are classified as "vacant" with no definable purpose. Representative Duncan of Tennessee, a member of the Resources Committee, had the Congressional Research Service review the Bureau of Land Management's area plans. CRS found 3.3 million acres of lands which BLM's land use planning process has identified as surplus and suitable for disposal.

An accurate inventory is an important feature of good land management. Proper conservation, recreation and multiple use activities are dependent on accurate information about the government's land ownership.

The American taxpayer can also be the biggest beneficiary of a "cadastre", also known as a land information system or geographic information system (GIS). Many units of local government -- cities, counties -- have used such land information systems, or even single purpose digital parcel or tax mapping programs, to more accurately and efficiently inventory real estate within the jurisdiction. There are numerous examples where local government has used GIS to identify tens of millions of dollars in annual property taxes that were unpaid or under paid. These systems have paid for themselves many times over, many in the first year alone.

It is time the U.S. government invested in a similar methodology and technology to identify and inventory its land holdings. Such a system can help enhance the management of Federal lands, identify lands that could be put to higher priority use, as well as those that are no longer needed by the government and can be made surplus and sold, thus bringing revenue and savings to the Federal budget.

Mr. Chairman, I would call particular attention to section 2(c) of H.R. 1370. It calls for the Secretary of the Interior to conduct an inventory of inventories of Federal land. In our estimation, H.R. 1370 can save the government money by eliminating numerous duplicate, non-interoperable, inaccurate, single-purpose land inventories with a single, multi-purpose federal and inventory or information system, at a lower cost than the current practice. Over the years, Congress has in good faith and with the best of intentions authorized numerous inventories.

Here are some examples:
Section 1711 of the Federal Land Policy and Management Act of 1976 (43 U.S.C. 1711) contains the following requirement:
"Continuing inventory and identification of public lands; preparation and maintenance
(a) The Secretary shall prepare and maintain on a continuing basis an inventory of all public lands and their resource and other values (including, but not limited to, outdoor recreation and scenic values), giving priority to areas of critical environmental concern. This inventory shall be kept current so as to reflect changes in conditions and to identify new and emerging resource and other values. The preparation and maintenance of such inventory or the identification of such areas shall not, of itself, change or prevent change of the management or use of public lands.
(b) As funds and manpower are made available, the Secretary shall ascertain the boundaries of the public lands; provide means of public identification thereof including, where appropriate,

signs and maps; and provide State and local governments with data from the inventory for the purpose of planning and regulating the uses of non-Federal lands in proximity of such public lands."

Responsibility for this provision of law rests primarily with the Bureau of Land Management (BLM).

Section 601 of the Healthy Forests Restoration Act of 2003 (Public Law 108-148) provides,

"Secretary of Agriculture shall carry out a comprehensive program to inventory, monitor, characterize, assess, and identify forest stands (with emphasis on hardwood forest stands) and potential forest stands"

Pursuant to the Agricultural Foreign Investment Disclosure Act of 1978 (AFIDA), the U.S. Department of Agriculture gathers information on foreign ownership of domestic agricultural land to determine whether such alien landholding is an issue of concern. AFIDA requires a foreign person who acquires or transfers any interest in US agricultural land to file a report of that ownership interest with the Secretary of Agriculture.

There are numerous other provisions of law that require the Federal government to inventory land, both real estate it owns, as well as other tracts of property. There is, for example, also an Abandoned Mine Land Inventory and a National Wetlands Inventory.

The problem is none of the inventories is current or accurate. Moreover, there are duplicative and redundant inventories that waste tax dollars. Most are created and maintained for a single purpose. Few are compatible or "interoperable" with one another.

In the same week last fall, in response to Hurricane Katrina, the House passed two bills -- H.R. 3893 the Gasoline for America's Security Act of 2005, and H.R. 3894, the Hurricane Katrina Emergency Housing Act of 2005.

H.R. 3893 provides that the "President shall designate sites on Federal lands, including closed military installations … that are appropriate for the purposes of siting a refinery" and calls on the President to conduct an analysis of these sites characteristics. H.R. 3894 calls on "the Secretary of Housing and Urban Development, the Secretary of Defense, the Administrator of the General Services Administration, the Secretary of Agriculture, the Secretary of Veterans Affairs, and such other agency heads as the Secretary of Housing and Urban Development determines appropriate, and the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation, shall compile an inventory of Federal civilian and defense facilities … that … identifies such facilities and properties that can be used to provide emergency housing, as locations for the construction or deployment of temporary housing units; or to provide permanent housing."

The House has also passed H.R. 3824, the Threatened and Endangered Species Recovery Act. Section 24 requires the Secretary of the Interior to "survey all lands under the administrative jurisdiction of the Bureau of Land Management and all lands under the administrative jurisdiction Forest Service immediately before the enactment of this Act, for the purpose of assessing the value of such lands for management for the recovery of any species included in a

list published under section 4(c) of the Endangered Species Act of 1973 and for addition to the National Wildlife Refuge System; and make recommendations to the Congress for managing any such lands as are appropriate as part of the National Wildlife Refuge System."

Mr. Chairman, those requirements should not have required an Act of Congress. It could and should be done with a few keystrokes on a computer.

The GAO has also found, with regard to the government's current mapping, geographic information systems, and inventory activities, "federal agencies are independently acquiring and maintaining potentially duplicative and costly data sets and systems. Without better coordination, such duplication is likely to continue". (GAO-04-703, Geospatial Information: Better Coordination Needed to Identify and Reduce Duplicative Investments)

Waste and duplication can be avoided if the government knew what inventories it had. By integrating these data bases, redundancy can be identified and eliminated. Resources can be applied to gaps in data rather than duplicative data.

Based on this inventory of inventories, tax dollars can be saved by eliminating the wasteful, redundant, non-interoperable and duplicative land inventories, and replacing them with a single, multi-purpose land inventory, or cadastre. The elimination of wasteful inventories can more than pay for a single effort that can be done once and used many times for many purposes and applications. That is what H.R. 1370 does.

Once the multipurpose inventory is complete, the government can become a better real property asset manager, and a responsible steward of its land holdings. This will result in more efficient land management, again providing savings.

The House Resources Committee is the venue for great debates over Federal land acquisition, multiple-use and wilderness designation, recreation and resource development, and other important public lands issues.

H.R. 1370 does not take one side or another on any of those very important and sometimes contentious issues. What it provides is that regardless of one's position on those issues, those policy debates should be made based on the most current and accurate information.

A current and accurate land inventory will also provide efficiency and better delivery of services to the citizens of the Nation in a variety of applications, including emergency response, water rights, PILT payments, and forest fire preparedness and response.

Additionally, areas for multiple-use can be better identified, thus enhancing the American citizens' use of public lands and generate more revenue from leasing, mineral rights, recreation and fees from other activities. Moreover, legislation to facilitate a process by which the Federal Government can more efficiently sell its surplus lands can be enacted. This will not only help state and local government by providing them land they can manage as open space, or these lands can be sold to the private sector for economic development, thus expanding the local tax base and creating jobs. The proceeds of these sales can be used to balance the budget and pay down the debt, be invested in higher priority activities such as roads, schools, parks, environmental protection, resource management and maintenance in our National Parks.

As I mentioned earlier, GAO has said that "decision-makers such as Congress and OMB do not have access to quality data on what real property assets the government owns". Can any member of this committee go home and tell their constituents you are being a good steward of our public lands, when we don't know what we own and where it is, not to mention what condition it is in and whether there is a public interest being serviced by the taxpayers owning it?

We believe the FLAIR Act is the next legislation, following the Government Performance and Results Act (GPRA), the Chief Financial Officers Act, and the Government Management Reform Act (GMRA), that serves the taxpayers, is a good-government reform, and is necessary for the government to properly manage its assets and be the proper steward of the public lands the American people expect the government to be.

Mr. Chairman, we urge the committee's prompt passage of H.R. 1370 and thank the committee for the privilege of sharing our views.

JOHN M. PALATIELLO

John M. Palatiello is president of the firm of John M. Palatiello & Associates, Inc., (www.jmpa.us) a public affairs consulting firm located in Reston, Virginia, providing government affairs and association management services to firms and organizations, with a specialization in services to the architect/engineer, remote sensing, mapping and GIS communities, and in land use and transportation. He serves as Executive Director of MAPPS (www.mapps.org), the nation's only national association of private mapping, remote sensing and geospatial firms. John has been associated with MAPPS since its founding in 1982 and has served as Executive Director since 1987. John is also Administrator of the Council on Federal Procurement of Architectural-Engineering Services (COFPAES, www.cofpaes.org), a coalition of the nation's leading design professional societies.

A Connecticut native, John has a Bachelor of Arts degree in political science from The American University in Washington, DC. He served for eight years as a Congressional staff assistant, including service as an aide to former Congressman John Myers (R-IN), the chief deputy Republican whip, who later served as Chairman of the House Appropriations Subcommittee on Energy and Water, which funds the USACE civil works program. John was also Chief Legislative Assistant to Congressman Bill Hendon (R-NC), a member of the House Committee on Interior and Insular Affairs (now the House Resources Committee), which provides authorization and oversight of most Interior Department agencies and programs, in addition to the U.S. Forest Service.

John was the first Government Affairs Director of the American Congress on Surveying and Mapping and the American Society for Photogrammetry and Remote Sensing and was Assistant Executive Director for Public Affairs of ACSM.

He is a frequent author of articles on legislative, marketing and public policy issues, particularly Federal procurement and geographic information systems, and has testified before several Congressional committees. John is a former 9-year member of the Fairfax County (VA) Planning Commission and has held leadership positions in numerous community, civic and political organizations in Virginia. He was appointed by the Virginia General Assembly to the Virginia Geographic Information Network (VGIN) study committee's technical advisory committee and a study committee to the Virginia Department of Professional and Occupational Regulation (DPOR) on licensing of photogrammetrists. John has been Chairman of the Procurement and Privatization Council of the United States Chamber of Commerce, and currently serves on the Chamber's Small Business Council. He has also served on the Government Relations Section Council of the American Society of Association Executives, Chairman of the Government Affairs Committee of the Greater Reston Chamber of Commerce, and as Chairman of the Business Coalition for Fair Competition.

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