PRESIDENTIAL TRANSITION ACT, DISTRIBUTION OF FEDERAL SURPLUS PROPERTY, AND RECORDS MANAGEMENT

HEARING

BEFORE THE

COMMITTEE ON GOVERNMENT OPERATIONS UNITED STATES SENATE

NINETY-FOURTH CONGRESS

SECOND SESSION

ON

H.R. 14886, H.R. 14451, H.R. 13828, and H.R. 11347

SEPTEMBER 13, 1976

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CONTENTS

WITNESSES

MONDAY, SEPTEMBER 13, 1976

Alphabetical list of Witnesses:

APPENDIX

Letters sent to Senator Nunn from—Continued

PRESIDENTIAL TRANSITION ACT, DISTRIBUTION OF FEDERAL SURPLUS PROPERTY, AND RECORDS MANAGEMENT

MONDAY, SEPTEMBER 13, 1976

U.S. SENATE,
COMMITTEE ON GOVERNMENT OPERATIONS,
Washington, D.C.

The committee met, pursuant to notice, at 10 a.m., in room 3302, Dirksen Senate Office Building, Hon. Abraham Ribicoff (chairman) presiding.

Senators present: Senators Ribicoff, Metcalf, Percy, and Nunn.

Staff members present: Richard A. Wegman, chief counsel and staff director; Eli E. Nobleman, counsel; John B. Childers, chief counsel to the minority; W. P. Goodwin, Jr., chief counsel and staff director, Subcommittee on Oversight Procedures; Marilyn A. Harris, chief clerk; and Elizabeth A. Preast, assistant chief clerk.

OPENING STATEMENT OF SENATOR RIBICOFF

Chairman RIBICOFF. The committee will come to order.

This morning we will hear testimony with respect to H.R. 14886,[1] the Presidential Transition Act amendments; H.R. 14451,[2] which would reorganize the Federal donable surplus personal property program; and H.R. 11347,[3] which would convey the interest of the United States in certain lands in Salt Lake County, Utah, to the Shriners' Hospitals for Crippled Children. If time permits, we will also hear testimony relative to HR 13828,[4] the Federal Records Management Amendments of 1976.

We will begin with H.R. 14886, which would amend the Presidential Transition Act of 1963 (Public Law 88–27) so as to provide a more realistic authorization for appropriations to facilitate Presidential transitions.

When testimony on that measure is concluded, I shall turn the chair over to Senator Nunn who will proceed with the other bills as acting chairman of the committee.

The Presidential Transition Act was enacted to promote the orderly transfer of executive power in connection with the expiration of the term of office of an outgoing President and Vice President and the inauguration of a new President and Vice President.

It authorized the Administrator of General Services to provide, upon request, to the President-elect and the Vice-President-elect suitable office space, payment of compensation of office staff, the detail of personnel from Departments and Agencies, the procurement of experts or consultants, payment of travel expenses and subsistance allowances and other necessary expenses.

It also authorized the provision of such services to the outgoing

[1] See p. 77.
[2] See p. 77.
[3] See p. 85.
[4] See p. 82.

President and Vice President, for a period not to exceed 6 months from the expiration of their terms of office.

The act authorized the appropriation of $900,000 to cover such expenses which appeared reasonable in 1963.

However, a review of the actual transition expenses by the General Accounting Office, following the 1968 election, revealed that President Nixon incurred costs of $1.5 million.

The GSA Administrator decided that the $900,000 should be divided equally between the incoming and outgoing administrations, leaving only $450,000 for President Nixon.

H.R. 14886 would increase the authorization to $3 million and provide that not more than $2 million would be available to the President-elect and Vice-President-elect, and $1 million to the outgoing President and Vice President.

In addition, the ceiling of $100 per day for experts or consultants, contained in the 1963 act, would be removed so as to enable payment of the amount authorized under the Administrative Expenses Act which applies to all Federal agencies.

We have here Mr. Phillip S. Hughes, Assistant Comptroller General of the United States.

Mr. Hughes, you are always welcome here.

You may proceed, sir.

TESTIMONY OF PHILLIP S. HUGHES, ASSISTANT COMPTROLLER GENERAL, GENERAL ACCOUNTING OFFICE

Mr. HUGHES. All right, Mr. Chairman.

I have a relatively brief statement, I would say 10 minutes, or 15, if you would like me to read that.

Chairman RIBICOFF. I do not think it is necessary.

Your entire statement will go in the record as if read, if you can give us a summary.

Mr. HUGHES. I would be pleased to do that.

Chairman RIBICOFF. Bring out the points you would like to make, Mr. Hughes.

Mr. HUGHES. I think the most essential point, Mr. Chairman, is that we have no objection to the bill as it passed the House, H.R. 14886.

There were certain changes made in the House from the initial legislation that we think improved it somewhat.

Basically, we have no objection to that legislation in its present form.

It provides essentially for an increase in the amount available both to the incoming administration, and to the outgoing administration, and we think the amounts in both cases, $2 million, with respect to the incoming administration, and $1 million with respect to the outgoing are reasonable authorizations.

Also, the House bill was modified subsequent to the House hearings to provide that details of personnel, both to the incoming and the outgoing administrations, would be reimbursable.

We recognize that particularly with respect to the incoming administration, it would be difficult to keep track of the details, but nonetheless, we think the overall constraint of reimbursability is desirable.

I think those are the main features that I want to mention.

Chairman RIBICOFF. You feel that that increase is justified when you take into account increased costs?

Mr. HUGHES. Yes.

Even without that increase, Mr. Chairman, the record of the last two transitions suggests that the amounts should be increased as proposed.

With respect to the outgoing administration, $1 million may be on the liberal side, but we see no problem with such an authorization, with the appropriation amount to be specified at a subsequent time.

There is one question which I might mention, which has been raised, and which the committee might wish to address, either in its report, or in the discussion on the floor. The question concerns whether a person in Senator Dole's position would be eligible for funds from the act—that is if the President is reelected, and the Vice President was new. We see no need to change the language of the bill.

Funds would be available for a person in Senator Dole's position, and we think that is proper.

However, there was some legislative history in the context of the Transition Act of 1963, which suggested that that might not be the case. In those circumstances, we think some legislative history might be useful.

A record of this sort was made on the House side by Chairman Brooks and Congressman Rhodes.

Chairman RIBICOFF. You do not think it is necessary to change the language, but just to indicate in the report that it is intended to apply to an incoming Vice President, who is a U.S. Senator, and that he would be entitled to coverage.

Mr. HUGHES. Right.

Chairman RIBICOFF. We understand that.

Thank you very much, Mr. Hughes.

[The prepared statement of Mr. Hughes follows:]

PREPARED STATEMENT OF PHILLIP S. HUGHES, ASSISTANT COMPTROLLER GENERAL, UNITED STATES GENERAL ACCOUNTING OFFICE, ON H.R. 14886

Mr. Chairman and members of the Committee, we are here at your invitation to discuss H.R. 14886, a bill to revise the appropriation authorization for the Presidential Transition Act of 1963 and for other purposes. The law now authorizes the appropriation of not to exceed $900,000 for any one transition and Public Law 94-363 approved on July 14, 1976, appropriated that amount for such transition, if one occurs, in fiscal year 1977.

The law does not specify how the funds appropriated to carry out the Transition Act are to be divided; the legislative history, however, indicates that the funds were expected to be apportioned equally to the incoming and outgoing administrations. In the only transition since the enactment of the Transition Act in which there was both an incoming and outgoing administration entitled to funds appropriated under this act (Johnson-Nixon) the $900,000 appropriated for transition was divided equally.

We have issued two reports to the Congress on Presidential transitions. Our first report issued in November 1970 provided information on the history of the transition process with special emphasis on the Johnson-Nixon transition. Subsequently, the Senate Appropriations Committee in its report on the 1975 Supplemental Appropriations Bill—which included funds to provide allowances and services to former President Nixon—suggested that we update our 1970 report. Our updated report "Federal Assistance For Presidential Transitions: Recommendations For Changes in Legislation" was issued to the Congress in December 1975.

In the latter report, we recommended that the Transition Act be amended so that it applied only to the incoming President and Vice President. We also rec-

ommended that the Former Presidents Act be amended principally to (1) include in one act the authorization for allowances and services to be provided a former President from the time he leaves office and (2) transfer to this act the authorization now included in the Transition Act for the services to be provided a former Vice President for 6 months after he leaves office.

We also recommended in our 1975 report, as we had in our earlier report, that Congress consider whether the amount authorized to carry out the Transition Act was adequate. We pointed out that the $450,000 in Federal funds made available to the incoming Nixon administration was clearly inadequate in light of the estimated $1.5 million spent to defray the expenses of the incoming administration.

The estimate of $1.5 million, which included the $459,000 appropriated under the Transition Act for the incoming administration, was provided to us by the Nixon transition representative Franklin B. Lincoln, Jr. He advised us that the funds were used for such items as the rental of temporary office space, telephone and other communications, travel, expenses of task forces, disbursements in connection with interviewing applicants, and a myriad of other necessary expenses.

The estimate of $1.5 million is consistent with previous testimony on the expenses of the incoming Kennedy administration in 1960–61. Congressman Fascell who introduced the bill which was eventually enacted into the Presidential Transition Act of 1963 stated at a hearing in April 1963, before a subcommittee of the House Committee on Government Operations, that it was estimated that almost $1,360,000 was required by the incoming Kennedy administration.

Another factor to be considered is that recent inflation would result in far less goods and services per dollar spent on a 1977 transition than on the transitions in either 1960 or 1968. The Consumer Price Index, for example, shows that it would require about $2.6 million in 1976 to purchase the same amount of goods and services that $1.4 million would have purchased for the incoming Kennedy administration in 1960 and about $2.5 million to purchase the same amount that $1.5 million would have purchased for the incoming Nixon administration in 1968.

Presidents-elect and Vice Presidents-elect have both quasi-official and political responsibilities in uncertain proportion and there is no objective measure of determining in what proportion their total expenses should be borne by public and private funds. It is our belief, however, that if the Presidential Transition Act is to function as intended, the Federal assistance must cover a substantial part of the transition expenses. In our opinion, and on the basis of past experience, the $2 million appropriation authorization in H.R. 14886 is a reasonable authorization for the Federal assistance to be provided a President-elect and a Vice President-elect.

H.R. 14886 also provides that not more than $1 million may be appropriated to provide the services and facilities authorized by the Transition Act for a former President and Vice President during the first 6 months after they leave office. Since the enactment of the Transition Act, there have been two former Presidents who received funds authorized by that act—former President Johnson and former President Nixon.

Of the $450,000 made available to the outgoing Johnson administration, $375,000 was made available to the former President and $75,000 to former Vice President Humphrey. Although the Transition Act provides that the services and facilities authorized by the act for a former President and Vice President were to be provided only during the first 6 months after they left office, the fiscal year 1969 appropriation made these funds available to the former President and Vice President through fiscal year 1970—a period of about 17 months. The Transition Act also authorizes the detailing of Government employees on a nonreimbursable basis to assist an incoming President and Vice President as well as the former President and Vice President. Such assistance was provided to former President Johnson at an undetermined cost.

The Supplemental Appropriations Act of 1975 appropriated $100,000 to provide former President Nixon with the services and facilities authorized by the Transition Act during the first 6 months after he resigned. He also received the assistance of detailed Government employees on a nonreimbursable basis during that 6-month period at an estimated cost to the agencies of about $266,000.

There are many uncertainties as to how much should be provided a future outgoing President during the first 6 months after he leaves office. In our opinion, however, the $1 million that would be authorized under H.R. 14886 for a former President and Vice President should be more than adequate for the foreseeable

future. The specific amount appropriated should of course be geared to the specific needs of an outgoing administration.

One uncertainity concerning a former President is how much work will be required, or permitted, on the Presidential papers. Former President Johnson and his staff did extensive work on his papers during the transition period while the Presidential Recording and Materials Preservation Act enacted in December 1974 and various court orders and suits limited the amount of work on former President Nixon's papers during the transition.

As a matter of interest, the Presidential Recordings and Materials Preservation Act provides that a National Study Commission on Records and Documents of Federal Officials be established to study problems with respect to the control, disposition, and preservation of the documents of Federal officials. One specific question the Commission is directed to study is the ownership of the Presidential papers. The Commission is required to submit a report to the President and the Congress by March 31, 1977, of its findings and conclusions with recommendations for such legislative, administrative, and other actions deemed appropriate.

Another uncertainty concerns the use of Government employees on a nonreimbursable basis. The Transition Act presently provides that during the first 6 months after they leave office a former President or Vice President may use Government employees on either a reimbursable or nonreimbursable basis. As noted previously, we have recommended in our 1975 report that the provisions in the Transition Act pertaining to the outgoing President and Vice President be deleted and be provided for instead in the Former Presidents Act. We also recommend in that report that any detailed Government employees be provided to the former President and Vice President on a reimbursable basis only. H.R. 14886 would limit the detailing of Government employees to an outgoing President and Vice President, as well as an incoming President or Vice President, to those furnished on a reimbursable basis. In view of the additional funds which H.R. 14886 would authorize for Presidential Transitions, we agree with the provision in this bill which would require that Government employees be furnshed, to either the outgoing or incoming administration, on a reimbursable basis only.

H.R. 14886 would also remove the limitation in the Transition Act which provides that individuals hired as experts or consultants may not be paid at rates in excess of $100 a day. The removal of this limitation would mean that individual experts or consultants could be paid a daily rate not exceeding that of a GS–18, currently $145 a day. We have no objection to this change.

That concludes my statement Mr. Chairman.

Chairman RIBICOFF. Mr. Eckerd, I notice you are here.

We would be delighted to hear from you, sir. Your statement will go in the record as if read, and if you would like to make some comments, or read a statement, proceed as you please.

TESTIMONY OF JACK ECKERD, ADMINISTRATOR, GENERAL SERVICES ADMINISTRATION, ACCOMPANIED BY DR. JAMES RHOADS, ARCHIVIST OF THE UNITED STATES, ON H.R. 14886

Mr. ECKERD. I would have no comment unless there would be any questions, Mr. Chairman.

Chairman RIBICOFF. Mr. Hughes feels that on the basis of the GAO's study, the amount asked for is justified, taking into consideration the costs, the needs and the experience attached to the transition.

Do you feel the same way?

Mr. ECKERD. Sir, I have not looked into the costs. I do not feel I am in a position to answer it.

Chairman RIBICOFF. But you have no objections to the amount?

Mr. ECKERD. I have no objections.

We see our role as seeing that the money is spent as authorized to be spent, and that is what we would intend to do.

Chairman RIBICOFF. Well, thank you very much, Mr. Eckerd.

Mr. ECKERD. Thank you, Mr. Chairman.

[The prepared statement of Terry Chambers, Deputy Administrator, GSA, follows:]

PREPARED STATEMENT OF DEPUTY ADMINISTRATOR OF GENERAL SERVICES ADMINISTRATION, ON H.R. 14886

Mr. Chairman and Members of the Committee, we appreciate the opportunity to appear before this Committee with respect to revisions in the appropriation authorization of the Presidental Transition Act of 1963, contained in H.R. 14886. The provisions of this bill recognize that the present authorization of $900,000 is no longer adequate to finance the expenses of both an incoming and an outgoing administration. It is believed that funding an orderly transfer of Presidential power with oversight provided by the Congress is an important national purpose.

This Agency will provide the necessary services and facilities during a Presidential transition period and administer the funding authorized strictly in accordance with provisions of the law. We have available, if you desire, figures on the level of expenditures incurred during a previous Presidential transition and other related information.

We will attempt to respond to any questions that the Committee may wish to ask.

Chairman RIBICOFF. We will now hear from Mr. Kearney, the Assistant Director for Economics and Government of the Office of Management and Budget.

Mr. Kearney, do you have any comments on this bill?

TESTIMONY OF DANIEL KEARNEY, ASSISTANT DIRECTOR FOR ECONOMICS AND GOVERNMENT OF THE OFFICE OF MANAGEMENT AND BUDGET

Mr. KEARNEY. Mr. Chairman and members of the committee, I appreciate the opportunity to appear today to discuss the proposed amendments to the Presidential Transition Act of 1963.

This administration included the full amount authorized by law for Presidential transition—$900,000—in the President's fiscal year 1977 budget submission last January. It has been and continues to be the expectation of the administration that we will be able to economize on Presidential transition funds in fiscal year 1977 by avoiding a transition altogether.

H.R. 14886 would increase authorizations for the purposes of Presidential transition from the current level of up to $900,000 to a new level totaling up to $3 million. Since the existing level of authorization has not been revised since 1963, we can understand why the majority of this committee may desire to review the current level of authorization. If Congress wishes to change the level at this time, the administration will not object.

Thank you very much. I would be happy to answer any questions which the committee may have.

Chairman RIBICOFF. Thank you very much.

I have just one question, Mr. Kearney. What role does OMB play in the Presidential transitions, and in dispensing Presidential funds?

Mr. KEARNEY. Our role would be to apportion to the General Services Administration whatever funds are appropriated by Congress, pursuant to any legislation.

GSA would be responsible for the expenditure of funds.

Chairman RIBICOFF. In other words, the three of you, you coordinate your activities?

Mr. KEARNEY. Yes, sir.

Chairman RIBICOFF. And, Mr. Hughes, what would you do?

Mr. HUGHES. We would bring our role of kibitzing, or second-guessing, or monitoring, or whatever you want to call it.

Chairman RIBICOFF. Well, thank you, gentlemen.

If that is the case, we can go on to H.R. 14451, the distribution of Federal surplus property.

Mr. ECKERD. Mr. Chairman, you did indicate in conversation with me that you would be willing to hear me on H.R. 13828.

Chairman RIBICOFF. That is correct.

TESTIMONY OF JACK ECKERD, ADMINISTRATOR, GENERAL SERVICES ADMINISTRATION, ON H.R. 13828

Mr. ECKERD. Mr. Chairman, I would be glad to wait until later.

Chairman RIBICOFF. You may proceed now.

Mr. ECKERD. When we talked Friday afternoon, Mr. Chairman, you indicated that you would be willing to hear about H.R. 13828, Federal Records Management Amendment of 1976.

I greatly appreciate this opportunity that you gave me to discuss this bill.

GSA strongly supports this bill, because it would strengthen the ability of this agency to assist in making records management in the Federal Government more efficient, and most significantly, just a 1 percent increase in the efficiency of Federal records management could result in a yearly savings of $150 million in the handling of Federal paperwork.

That is based on the fact that GAO reports there is $15 billion a year spent by the Federal Government in managing the records.

As a businessman, of course, such a savings would be a great attraction to me.

This is my interest hopefully in having this bill marked up sometime in at least September, hopefully seeing something done on this.

Chairman RIBICOFF. Mr. Eckerd, the staff calls to my attention a problem, and that is whether the Administrator, or his designees, in inspecting the records, would be subject to any restrictions with respect to the confidentiality of the records, and information obtained by GSA.

Do you have any thoughts on that? Is there personal information which might be the subject of potential misuse by GSA? Has this question been considered?

Mr. ECKERD. Sir, I think there has been some thought given to it.

This would come under the auspices of the office of Dr. Rhoads, the Archivist of the United States, and he would be nonpartisan, highly efficient in his job, and I feel he would take the greatest pains to see that there was no violation of any rights to privacy.

Chairman RIBICOFF. Have you an estimate with respect to the amount of money which the Government would save if this legislation is enacted?

Mr. ECKERD. Well, sir; the total cost in this area is about $15 billion a year.

Chairman RIBICOFF. How much?

Mr. ECKERD. $15 billion a year is what the Federal Government is spending in this area.

I get these figures from the GAO, and this obviously translates to where you could save if we could increase efficiency in handling of the Government's records just 1 percent, we would automatically save the Federal Government $150 million, and I do not know about that 1 percent, sir, to me it sounds like a very conservative figure. In any operation I have ever looked at, I have never found in any one year that you really put your mind and your heart to, that you could not save 1 percent.

Chairman RIBICOFF. Has anybody given this subject any attention?

Mr. ECKERD. Not enough, sir.

We have, you see, an advisory capacity at the present time.

We are in an advisory capacity if they want us. We do not have the resources, and we do not have the monitoring to handle this.

Chairman RIBICOFF. I am inclined to agree with you that, since we are spending $15 billion on keeping records, with proper supervision and a management study in this field, you certainly should be able to save 1 percent or more.

Mr. ECKERD. It would certainly be something to look at, and it is the type of thing I think GSA should be equipped to do, and is equipped to handle.

Chairman RIBICOFF. I am very sympathetic with what you are trying to do, and we will try to put this on the agenda in our next markup session.

Mr. ECKERD. We would appreciate that very much, sir.

Chairman RIBICOFF. Any questions, Senator Percy, or Senator Metcalf?

This bill is not on the agenda, but Mr. Eckerd called me and asked whether we would consider this proposal at a subsequent markup session. I told Mr. Eckerd that I would welcome his presentation because it is not a complicated bill.

Mr. ECKERD. It was passed by the House 394 to nothing.

Chairman RIBICOFF. He feels, from his experience, that with $15 billion being expended by the Government in keeping records, we certainly ought to be able to save a susbtantial sum of money.

No one has really gone into this very thoroughly, so I am simply trying to develop some information at this session.

Senator PERCY. Was there any notification given to the minority staff?

Chairman RIBICOFF. Mr. Eckerd just called me on the telephone on Friday.

The majority has nothing.

Senator PERCY. Was the minority advised at all of this?

Mr. ECKERD. Sir, I would not know.

Yes, sir, they were.

Senator PERCY. Apparently the staff did not get notice. It may be a simple thing to dispose of.

The minority counsel has gone over this bill, and he concurs with the objective of the legislation. But, as I see his analysis, there seems to be one problem.

I would like to insert the memorandum in the record provided to me by the minority counsel.

[The memorandum follows:]

MEMORANDUM

Re Government Operations hearing, Monday, September 13, 9:30 a.m.
To: Senator Percy.
From: John Childers.
September 13, 1976.

H.R. 13828, Federal Records Management

The objective of this legislation is to deal more efficiently with records management in the Federal Government. Hopefully, longer-range, enactment of this bill would result in significant cost savings to the Federal Government. There have been no amendments to the act since its original enactment in 1950.

Major provisions of the bill include:

(1) Definitions of concepts involved in records management.

(2) Establishment of objectives for the records management program to accomplish: more accurate and complete records; quantity and quality control; prevention of unnecessary record creation; and simplification of records creation and maintenance.

(3) GSA Administrator given clear authority over records management. He is to: provide guidance to all other Federal agencies on records creation, maintenance and use, and disposition; promulgate standards and procedures with regard to records management; conduct research and serve as a clearinghouse for records management information; direct attention of Federal agencies and Congress to the burden created by unnecessary paperwork; conduct records management studies and, at his discretion, designate heads of executive agencies to conduct such studies; conduct inspections or studies reviewing the programs of various Federal agencies to see the relationship among them on records management; and report annually to OMB and Congress on progress being made.

The objectives of this legislation are laudable and I support them, but I have one large problem which must be resolved or I would recommend opposing this bill.

The bill gives the Administrator of GSA or his designee the authority to inspect the records of any Federal agency as well as their records management programs. Other agencies are directed to give him full cooperation.

Even records restricted by law for national security or other reasons (such as tax returns) may be inspected in accordance with regulations promulgated by the Administrator, subject to the approval of the head of the agency concerned or of the President.

This means that GSA personnel could see any records of any agency if the Administrator of GSA and the head of that other agency agree to let GSA inspect them. This could include census records, tax records, criminal records, military service records, etc.

This grant of authority I feel should be severely restricted. Senators Muskie and Ribicoff also have similar concerns. I think you should concentrate on asking witnesses why such broad authority is requested and how privacy can be better protected than through the language written into this legislation.

To me, any such unrestricted grant of inspection authority is sufficient to oppose the bill.

Senator PERCY. This is a tremendous grant of authority, and I would not be prepared to grant that kind of authority and support that concept until I have thoroughly aired it, to see what the consequences would be.

We have had, as you know, Mr. Eckerd, a long history of struggle here as to the access of various agencies, or committees, and so forth, to tax records. If you will recall, we had the problem of access of the Department of Agriculture to tax records. In view of this grant of authority, I wonder whether our chairman is concerned about that, and what consensus the Chair has come to.

Chairman RIBICOFF. My feeling at this stage of the session, is that if there is any objection, by any member of this committee, I would set it aside until next year.

Mr. Eckerd called me last Friday, and made a personal request to me. I said I would extend the courtesy to him to make his points of

view known at a public hearing here, and that is all I knew about it, until Mr. Eckerd made his statement. I have received a sheet of paper like you did a few minutes ago.

Mr. ECKERD. I think the fact that it passed unanimously in the House led me to believe that it was not controversial.

I understand there are very few bills that are passed unanimously in either the House or the Senate.

Senator PERCY. I certainly want to deal with dispatch on things, but on the other hand, I cannot do so in any way that would be an abdication of our responsibilities.

I am quite willing to not only study this, but to put questions to you now on the legislation. I would be happy if the Chair would like to call a meeting to meet subsequently on this matter in this session.

I do not want to stand in the way of it, other than the fact I could not possibly approve something that seems to give such an unrestrictive grant of authority. I would like to believe I can analyze things quickly, but this right on the surface looks to me as though it would require a little more analysis. Certainly I would like to know the reaction of certain other agencies, how would IRS look at this, how would Bill Simon look at it, how would Donald Rumsfeld regard this.

Has this been cleared by OMB?

Mr. ECKERD. Sir, Dr. Rhoads had a breakdown, and I hoped that he was here, and he could have answered that question.

Senator PERCY. Is there an OMB representative in the room?

Mr. ECKERD. It was cleared by OMB.

Senator PERCY. And to what extent did they take it around the circuit, and put these questions to the various agencies?

Mr. ECKERD. Dr. Rhoads would have to answer that question.

His car had broken down, and I got word 15 minutes ago he was on his way from the National Archives.

Senator PERCY. I have no problem as to access of GSA to records management programs.

My problem is the inspection of all records that the Federal agency has in its possession.

That is my concern.

Mr. ECKERD. I understand your concern, sir.

Senator PERCY. I am willing, Mr. Chairman, to proceed and to facilitate the request. I think we would be able to move on it, and have these questions answered, but I just think it is important enough to go into and not go on now, without really knowing what we are doing.

Mr. ECKERD. I really did not expect you to put it through this morning.

I just wanted to give our real pitch, and our plea hopefully is to get it on your agenda for September markup.

Chairman RIBICOFF. I cannot anticipate that we would have any full-fledged hearings on this bill.

My conversation with you gave me the impression that it was a routine matter, and I said that since you were going to be here today, I would be glad to receive your comments out of courtesy. If there is any objection to it, we will not consider it.

Mr. ECKERD. Yes, sir.

Senator PERCY. Possibly, Mr. Chairman, we could look at this, and see whether or not full-fledged hearings are needed.

They may not be if OMB has done everything we would ordinarily do in a hurry and if they have gained that kind of information. I am relieved to find they have approved it, and I would imagine they have gone around the circuit. I would think that possibly we could come back in a couple of days and be able to report to the committee that we have all the answers to questions we might have and that they have already been answered, but I would want sufficient time to assure myself that has been done.

Mr. ECKERD. Yes, sir. That is very understandable.

Thank you.

Chairman RIBICOFF. We will look into it further, and see what can be done.

Mr. ECKERD. Thank you.

Chairman RIBICOFF. We will now proceed to H.R. 14451.

Senator Nunn.

OPENING STATEMENT OF SENATOR SAM NUNN ON H.R. 14451

Senator NUNN. Mr. Chairman, I commend you for scheduling this hearing on H.R. 14451, a bill dealing with the distribution of surplus Federal property to State and local organizations. The Subcommittee on Oversight Procedures, of which I am honored to serve as chairman, has jurisdiction over the disposal of Federal property, and our staff has spent considerable time during the past 20 months reviewing the donable surplus property program and legislation similar to H.R. 14451.

The need to revise our property disposal programs has grown during the past 2 years, especially as a result of the enactment of section 514 of the Economic Development Act. This provision authorizes the regional economic planning commissions to loan or give excess Federal personal property to public bodies, tax supported organizations, Indian tribes, and nonprofit hospitals and colleges within the regions. In addition, a number of other Federal agencies are operating programs under which they turn excess property over to their local action agencies, such as multicounty planning organizations.

The result of this proliferation of distribution programs has meant a vast reduction in the amount of Federal property that survives the excess stage to become surplus, thereby being eligible for donation to the States for public education, public health, and civil defense uses.

Another result has been to give some States what amounts to a priority in acquiring property the Federal Government no longer needs. In some cases, it has given some parts of a State a priority over another part. This is true in my State of Georgia. About half of our State is in the coastal plains region; the other half is not. We have counties in north Georgia which are in the Appalachia region. They are not eligible to participate in the excess property program because the Appalachia Regional Commission is not one of the regional action planning commissions under the Economic Development Act.

Mr. Chairman, I hope that we can find a method by which all areas of our Nation—and all areas within each of our States—can be treated fairly and equitably based on a need for Federal surplus property and an ability to utilize that property.

Thank you.

Chairman RIBICOFF. Senator Metcalf.

OPENING STATEMENT OF SENATOR LEE METCALF ON H.R. 14451

Senator METCALF. For many years in the House and in the Senate, I have been deeply interested in the donable surplus property program as authorized by the Administrative Services Act of 1949.

The basic concept of the act is to make Federal surplus personal property, which belongs to the taxpayers, available for important public programs.

The 1949 act provided that only educational institutions would be eligible for the property. In 1950, provision was made for the inclusion of health institutions. In 1956, civil defense programs were included. From 1949 to date, many billions of dollars worth of property, at acquisition cost, have been made available for authorized public purposes, with about 70 percent going to educational purposes. My State of Montana and many other States have received property that has enabled the initiation and conduct of programs that would not otherwise have been possible.

But budget shortages have caused other worthy public entities to turn to surplus property in the conduct of their missions. So by regulation and piecemeal legislation, other organizations have been acquiring property, some at a higher priority rating than afforded to education, health, and civil defense which Congress decided, after detailed consideration, to be most worthy.

The proliferation of donees has caused waste and inefficiency at both the Federal and State levels as qualified witnesses have attested before both the House and Senate Government Operations Committees. H.R. 14451 would correct this.

It is also necessary to place all eligible donees on a fair and equitable basis under the administration of one qualified agency in each State, as provided in H.R. 14451. It is also necessary to expand the program to add other categories of donees to the original three, as this bill provides.

The administration of the donable program at the Federal level has been duplicative, with both the Department of Health, Education, and Welfare and the General Services Administration exercising certain controls. H.R. 14451 will correct this defect by placing sole administrative responsibility in the GSA. H.R. 14451 when enacted will therefore coordinate the program at both the Federal and State levels.

I wholeheartedly endorse this important bill which will bring economy and efficiency to the program and which will contribute some $400–$500 million in benefits annually to worthwhile public programs. I urge its early passage. Further study and more hearings are not needed and will cause several State agencies to close, with consequent loss to needy institutions.

I commend the House Government Operations Committee for its comprehensive hearings and report. I also commend Senator Nunn for his studious interest in this legislation and Chairman Ribicoff for giving it priority consideration in the full committee.

Chairman RIBICOFF. Later Senator Nunn will proceed as acting chairman on this issue.

Our first witness is Mr. Hugh E. Witt, Chief, Office of Federal Procurement Policy of the Office of Management and Budget.

TESTIMONY OF HUGH E. WITT, CHIEF, OFFICE OF FEDERAL PROCUREMENT POLICY OF THE OFFICE OF MANAGEMENT AND BUDGET, ON H.R. 14451, ACCOMPANIED BY JAMES D. CURRIE, ASSISTANT ADMINISTRATOR

Mr. WITT. Mr. Chairman, I appreciate the opportunity to be here this morning to testify.

Chairman RIBICOFF. You may proceed, sir.

Mr. WITT. It is always a pleasure to testify on legislation that is the product of effective coordination between the legislative and executive branches. Such is the case with H.R. 14451.

We strongly endorse H.R. 14451 which will do much to improve our personal property disposal program.

As pointed out in the House Committee's report 94–1429 the bill is not revolutionary, it's evolutionary.

Instead of building a new system, it improves an existing operation. Major improvements to be achieved by H.R. 14451 include:

Better use of surplus property as a result of widening the range of permissible uses;

More effective program delivery as a result of centralizing both authority and responsibility for the disposal program in GSA;

More equitable distribution of surplus property among eligible recipients, and

Better management and accountability, and I would stress that word accountability, of a valuable resource—our excess and surplus property inventory.

By widening the range of functions that Federal surplus property can be used for, we further remove Federal involvement from the local decisionmaking process.

It should be up to each locality to determine how it wishes to use surplus property.

Presently, we impose our priorities on localities by telling them they can only use the property for health, education and other very specific uses.

H.R. 14451 remedies this situation and establishes certain broad parameters of eligibility.

It permits maximum local determination and gives the States the flexibility to select from a broad range of programs the purposes for which surplus property will be used.

The centralization of both authority and responsibility for the disposal of surplus property in GSA will end the fragmentation existing in the current program.

The repeal of section 514 of the Economic Development Act as provided in H.R. 14451 is essential to that objective.

States will no longer have to deal with HEW, EDA, and GSA to obtain the property they need. They can work directly with one agency, GSA.

This will simplify administration of the program for both Federal and State governments and curtail inefficiencies and inequities.

There will not be a need to establish a property disposal capability in EDA nor to maintain dual staffs in HEW and GSA as well as in many States.

The system established by H.R. 14451 will be integrated. It will be one system that will not only benefit the States, but will also help insure maximum availability of excess property to Federal users prior to its being reserved for non-Federal purposes.

The present system has long been suspected of being inequitable. Property reportedly is not being distributed evenly to all States.

In addition, equitable distribution problems are particularly apparent in some States that are not wholly within an EDA region.

Federal property, whether excess, surplus or in use, belongs to all citizens. The "lions share" of surplus property should not continue going to the States having the most aggressive acquisition personnel or to those fortunate enough to be located near the property.

An effort should be made with full consideration given to need and utilization factors to distribute property on an equitable basis.

The present system is not adequate in this regard. The system proposed by H.R. 14451 offers the means to achieve equity. This is an extremely desirable feature.

The surplus property program, as you and other committee members know, Mr. Chairman, involves the annual disposition of property having an original acquisition cost of approximately $4 billion.

The requirements contained in H.R. 14451 for the accountability of the property that is donated are justified and important.

The records required by the States will provide an audit trail and the annual reports required from the Federal establishment will provide a data base for evaluating the effectiveness of the program at a later date.

These controls are very desirable features of the new system.

We recognize, Mr. Chairman, that there are provisions of the bill which do not fully satisfy the desires of all interested parties.

Subsequent events may indicate that some provisions are unworkable or not desirable.

We believe, however, that H.R. 14451 provides a reasonable compromise in the public interest of the various conflicting views.

We believe the bill should be enacted so that the best efforts of the Federal and State Governments can move toward its effective implementation.

If problems arise that cannot be overcome by executive action, we are confident that the Congress will be ready to consider necessary amendments.

In conclusion, Mr. Chairman, we fully support the bill.

We believe it will benefit all taxpayers and provide for a more effective property disposal program.

Thank you. I will be glad to answer any questions you may have.

Chairman RIBICOFF. What do you estimate the administrative cost savings will be?

Mr. WITT. The cost savings?

Chairman RIBICOFF. Yes.

Mr. WITT. Well, there will be savings, but I am not sure we can put a specific dollar figure on it.

Chairman RIBICOFF. You say there are three agencies involved?

Mr. WITT. We are going to move the HEW people into the GSA function, and we will be able to take advantage of people who will be

retiring, and leaving the system, and we can gradually meld the HEW functions with GSA.

Chairman RIBICOFF. Now, you say that at the present time, there are inefficiencies and inequities.

Can you give us some examples of inefficiencies and inequities in this system?

Mr. WITT. Well, we feel, sir, that that audit trail has not been established as firmly as it should be.

We feel that some of the agencies on the receiving end have not been keeping a good track of what they have.

We feel that in many cases, for instance, the recipient at the end of the line, has been sitting on property that other people could use, and some of these situations have been pointed out to you and to us, by the General Accounting Office, and we feel that this system will have a much better audit trail, much more accountability to the Congress.

We feel that with the agencies reporting to just one point, instead of fragmentation, kind of galloping off in all directions, with GSA having a good handle on it, and reporting back to you on a regular basis, we will meet and solve some of these problems that GAO has pointed out to us in the past.

Chairman RIBICOFF. Did you say that the Federal surplus property program involves about 4 billion dollars' worth of property a year?

Mr. WITT. That is correct, sir, and that of course is the acquisition cost.

By the time it reaches the end of the line, in many cases, it is not of course worth that much.

Chairman RIBICOFF. Is there a system to determine whether any of this 4 billion dollars' worth of property could be used by the Federal Government?

Mr. WITT. It is screened as excess property. That means that the holding agency no longer has a use for it.

Chairman RIBICOFF. But is there another agency in the Federal Government that could use it?

Mr. WITT. Yes, indeed, it is screened through the Federal agencies before it becomes surplus, Mr. Chairman.

For instance, within the Department of Defense, and Army and Navy and Air Force, they all get a crack at it before it is determined to be excess for that Department.

Within HEW and HUD, as an example, the different agency components will get a crack at it before it is determined as excess to the Department.

Senator METCALF. Will the Senator yield?

As I understand it, there is a whole system of screening down through the Federal agencies, and then the State agencies, and so forth, until property is put on the surplus list. When property is declared excess, you call on the Department of Interior, for example, to see if it could use the property in the parks, so that is already part of the existing regulations.

Mr. WITT. That is correct. We would build on that system.

Senator METCALF. And you would continue that system of giving each one of the Federal agencies an opportunity to participate in picking up this excess property?

Mr. WITT. That is correct, sir.

Chairman RIBICOFF. Do you have any records as to how much the various States are receiving in excess property, is there a list available to indicate who they go to in the States?

Mr. WITT. I have with me my Assistant Administrator, James D. Currie.

Mr. CURRIE. Mr. Chairman, HEW reports I believe at least annually, and perhaps quarterly the volume of surplus property which the individual States acquire, as a result of the donations.

This information is available.

Chairman RIBICOFF. Does the staff have the latest reports of what the States have received?

Mr. WITT. It is available to you, sir.

Chairman RIBICOFF. I think we ought to see that during the discussion of this bill.

I am just curious how that property is distributed, because if you think there is a sense of unfairness, an inequity, I would be curious to see something on that.

The staff has handed me some figures indicating the distribution of personal property, totaling some $8 billion to all of the States.

I see between the period of 1964 and 1975, based on acquisition costs, Illinois received some $234 million, and Connecticut, $126 million. I am just reading the States represented at this table, Georgia received $263 million and Montana $31 million.[1]

How is this allocated?

Is there any attempt to be fair in the distribution to all of the States, based on population?

Mr. WITT. There will be under the new bill.

Chairman RIBICOFF. In the new bill there will be a system of fairness in proportion, but presently there is no basic formula, is that it?

Mr. CURRIE. Mr. Chairman——

Chairman RIBICOFF. Is it up for grabs, depending upon whoever is sophisticated enough to get it?

How does it work?

Mr. CURRIE. HEW can speak to this considerably more intelligently than we can, but they do apply a formula that has a relationship to population, and the income of the areas, and this formula establishes the relative entitlements of the States.

Chairman RIBICOFF. This table shows Alabama, $175 million, and Illinois, $234 million.

Now, I would guess Alabama's population is about 3 million, and Illinois——

Senator PERCY. Eleven and a quarter million.

I think this is what we are interested in, is really, if we are going to do this, there should be some sense of fairness.

Mr. CURRIE. Mr. Chairman, if I may speak more on that point, the surplus property is generated at specific locations.

They are largely on the west coast, and in the South.

Consequently, the States that are in those locations, where there is a heavy volume of Federal surplus property, will have an easier time acquiring the property for the specific reason that the transportation costs are minimum.

While all the property is listed in terms of acquisition costs, much of the property will not be anywhere close to being that value.

[1] See appendix p. 45.

A State that has to pay a heavy transportation cost would not find it economical to move that property, whereas a State, wherein the property is generated, would perhaps be able to put it to use.

The transportation factor makes it very difficult to distribute the total property equitably among the States.

However, here is a greater possibility under the proposed legislation, that the most desirable property will be distributed equitably.

I think this is what we have to strive for, Mr. Chairman.

Chairman RIBICOFF. What are some of the items that you say would be desirable property?

Mr. CURRIE. I think the most desirable property would be that property which is in a condition that its real value is close to its acquisition cost.

It might even exceed its acquisiton costs in an inflationary atmosphere, depending on when the Federal Government acquired it.

Mr. WITT. Under the legislation, GSA will work with the States for a criteria tied to both need and utilization.

Chairman RIBICOFF. Senator Percy?

Senator PERCY. I would like to ask if whether or not this position taken by GSA in an administration position, is it supported by OMB, or is it just a position that GSA has taken on its own in support of a House-passed bill?

Mr. WITT. We in OMB have worked with GSA to come up with this legislation, so I feel that we are in agreement, sir.

Senator PERCY. And you are aware of the objections of HEW and the Commerce Department, and have you disposed of those objections, and are they now satisfied with this bill?

Mr. WITT. We have been over those objections, pro and con, and we feel for the best utilization of this property, Senator Percy, that this is the best approach.

Now, there is no way in the world—I have only been in this man's government for 25 years, but I will tell you this, there is no way to make everybody happy.

Senator PERCY. I am sure they are all equally unhappy.

Mr. WITT. Yes, sir.

Senator PERCY. I agree with that, and I think that a great deal needs to be done in this field to put more equity into it, but I just wanted to be certain that this is a stated administration position that you are stating.

Mr. WITT. That is correct, sir.

Senator PERCY. Are any costs, or personnel savings expected at the Federal level by consolidation of personal property disposal in GSA? How many employees are engaged in these activities at HEW, GSA, DCPA, and so forth, and do you have a goal of reducing costs? Is that one of the objectives, to reduce costs?

Mr. WITT. We will not know exactly how many spaces will be eliminated as a result of this legislation because GSA will be picking up additional workload, some of which has been of course in HEW, and until those staffs are worked together, and shaken down, I would hesitate to put a tab on it, but there is no question that if the States in the field have one place to go instead of three, we are bound to benefit right there to begin with.

Senator PERCY. Is it possible, in a reasonably short period of time to get any estimate of savings that we might possibly anticipate?

I should think you would be able to save money, and save positions. Whenever we do these things, I do not like us to lose sight of the fact that one of the functions and purposes of OMB should be to save money and not let the Federal Government just expand and grow. Therefore, I would like to get some parameters as to what our savings should be. There ought to be some people released to other activities, so I think it would be worthwhile if we could get that information.

I would like to ask unanimous consent that the record be left open for a period of a week, which should be sufficient, or 10 days, to make some estimate like that, so that we have a goal we are shooting for.

It is just really to help you in a sense to improve your efficiency.

I would like to have that information.

Chairman RIBICOFF. Without objection, so ordered.

[The information follows:]

EXECUTIVE OFFICE OF THE PRESIDENT,
OFFICE OF MANAGEMENT AND BUDGET,
Washington, D.C., September 17, 1976.

Hon. ABRAHAM A. RIBICOFF,
Chairman, Committee on Government Operations,
Washington, D.C.

DEAR MR. CHAIRMAN: Provided below is an estimate of the savings expected by enactment of H.R. 14451, a bill to amend the Federal Property and Administrative Services Act of 1949. This information was requested by Senator Percy during the hearing held on H.R. 14451 before your Committee on Government Operations on September 14, 1976.

Tangible savings attributed to H.R. 14451 approximate $105,000 per year. Of that amount, savings in personnel compensation and benefits are estimated at $72,000; travel savings at $10,000, and administrative overhead savings at $23,000. The bases for these savings are provided on page 22 of the House Committee's Report on H.R. 14451.

In addition to the tangible savings stemming from H.R. 14451, important intangible benefits are also expected. The single agency concept embodied in the bill will result in the consolidation in the General Services Administration of what are now separate, uncoordinated property disposal activities. Communications will be simplified by the consolidation and duplicate paper processing will be eliminated. The consolidation will also reduce the costs involved in the care and handling of surplus property. Shipments will be made in bulk lots and property will not be held as long in Federal warehouses.

The ability, offered by H.R. 14451, to develop an equitable distribution system is another major benefit. Equitable distribution coupled with the broadened range of permissible uses will result in better utilization of the surplus property and constitute savings for both the States and the Federal Government. States will be able to use the property for their highest priority needs and all Federal agencies will have a better opportunity to use excess property. The practice of freezing excess property for use by grantees will be diminished and this should result in fewer new procurements for direct Federal use.

The intangible savings associated with H.R. 14451 are not readily quantifiable. The intangibles are, however, very important and we are certain they will result in substantial savings to all concerned with the surplus property program.

Sincerely,

JAMES D. CURRIE,
Acting Administrator.

Senator PERCY. I would like to ask you another question. You commented in your testimony about the inequitable distribution of property, and the chairman has read some statements that the State of my father's birth, Alabama, does better than the State of Illinois, with comparison to population.

Is this due to more aggressive State organizations in your judgment, or is it possibly due to Senators and Congressmen having more clout, or being more alert, having more aggressiveness and doing a better job for those States?

Mr. WITT. It is mixed, a mixture, Senator.

When you look at the facts, for instance, that some States will have three or four large military establishments, I do know for instance, Warner Robins in Georgia, we have a very aggressive program there.

At the same time, the State people work very closely with the Air Force at Warner Robins to make sure that they have a good shot at all of the surplus property.

Senator PERCY. It could well be something that goes back many years. If they have very many military bases and military bases are being closed, they have obviously got more to work from than the States which have not got many military bases.

Mr. WITT. Even though their installations are not being closed, large organizations, with thousands of people, and a large mission to perform, will be generating surplus property, whereas a State with one or two very small military installations, naturally would not be generating the large quantity of surplus material that a large organization would.

At the same time, some States have a more aggressive program, and more interested in acquiring this property, and you have to give the people credit for having an aggressive system, if that is their purpose.

Senator PERCY. Regretfully, I am needed on another committee. I am also the ranking subcommittee member which is holding hearings. I would like to ask one question. Could you answer it for the record, and the staff will report to me? I have always felt there should be some sort of a credit system for the agency giving up property. For instance, it may be the Navy that has a whole bunch of golf courses all over the United States. They have some of the prize property around, and the amount of use I have seen of some of those facilities is scandalously low.

There is no sense for them to keep them but they have no incentive to give up that valuable property now. If they could somehow get a rebate back, and they got a credit for it against some appropriation, there may be a motive to shift from underutilized resources and facilities to where it could be better used. But there is no incentive in the system whatsoever.

There is no incentive in the system. Our whole country is based on incentive. Why do we leave incentive out, and that is why I wondered, is this part of the theory behind requiring an agency to pay 25 percent of the original acquisition cost to the releasing agency? Or was there some other motivation behind that, and is it possible to build some sort of incentive system in, so that there is something that will move bodies and minds to do something that is in the national interest other than just sit on what they have got when there is no incentive for giving it up.

I am sorry I cannot stay for the answer. The staff will brief me on it.

You can go right ahead for the record and answer it.

Mr. WITT. I do know the Defense Department does have a very active program to scrub down the uses being made of real property.

Chairman RIBICOFF. Of course this bill only applies to personal property.

Mr. WITT. That is correct, sir.

Chairman RIBICOFF. Real property is not involved, but Senator Percy asked a question, so you may respond.

Mr. WITT. I do know that in the Department of Defense, they do have a very active program as to the need of real estate, and as you know, over several years now, a lot of property has been turned over to cities and towns, and counties across the country, whereas it has been determined that it is no longer needed by the Federal Government.

Now if there is a large amount of property that is not being utilized by an agency, we would like to know about it, and we would be glad to look into it, but it does not immediately bear on the legislation we are looking at today.

Chairman RIBICOFF. Senator Nunn?

Senator NUNN. I will defer to Senator Metcalf.

Senator METCALF. Of course it has been my experience, that one of the principles of surplus property is tied to education.

In the State of Montana we have a special school that relies completely on surplus property from the Air Force to train the Air Force mechanics, et cetera, and even though we only got $30 million or something, that has been an important part of our educational system.

On the other hand, it has been my experience over the years, and I do not think as a Senator that I have ever interfered in the distribution, some of this property has gone up for grabs. Sometimes we lose that property in that distribution, and that is why I feel there have been some inequities in the distribution, because of inequities in the system.

Do you feel that if this bill is passed, if we change section 514, that we will have a greater opportunity, one, to dispose of the surplus property, in a manner that is in the best interest of those who need it, and, two, to dispose of it equitably in the various States?

Mr. WITT. Yes, sir, I think this is a key part of this proposed legislation, because, as we know, the guy that arrives firstest gets the mostest, sometimes ends up taking more truckloads than the fellow that gets there a little later.

At the same time, the fellow who is far away from the installation that is generating the excess, has to consider the cost of having it hauled all the way back to his location.

Now, we think that with GSA working with the States to develop criteria, based on need and utilization, a criteria can be developed. We will be watching very closely to assure it gives balance to all of these different countervailing forces.

Did you want to add to that, Mr. Currie?

Mr. CURRIE. I would only point out that the rescission of section 514 will permit consideration of the property that has been declared excess and surplus to be examined on a statewide basis, so that the total public interest of individual States can be applied to the available property. So in this sense, there will be, I think, a heightened ability to assure an equitable distribution, not only among the States, but also among the programs within each State.

Senator METCALF. The chairman raised a question, as to the distribution of this property in the other Federal agencies.

The proposed amendment of this bill does not change the order of distribution in any way, that is, the so-called pecking order where the various Federal agencies have an opportunity to take advantage before it is declared surplus?

Mr. CURRIE. The property is first declared excess, and as excess property, it is circulated to the agencies for Federal utilization.

I believe probably 20 percent of the property that is declared excess is picked up for further Federal utilization, and the remaining 80 percent is then declared surplus.

There is about $5 billion, as I understand the figure, declared excess at the current level, and about a billion of that is reutilized within the Federal Government, and this will not be affected.

There is absolutely no change in the priorities to be given the Federal agencies for Federal utilization of Federal personal property.

Senator METCALF. I have nothing further, Mr. Chairman.

Thank you.

Chairman RIBICOFF. Senator Nunn?

Senator NUNN. Just a couple of questions, Mr. Witt.

The bill provides that if the Federal agency acquires excess property for its grantees, that agency must pay 25 percent of the original acquisition cost of the property.

Is this a change now in the present situation?

Mr. WITT. Changing from the previous arrangement, yes.

Senator NUNN. What is the arrangement under the existing law?

Mr. WITT. We do not really have any charge within the Federal Government.

There is no payment involved.

Senator NUNN. There is no minimum payment?

Mr. WITT. That is correct.

Senator NUNN. Is there any payment at all?

Mr. WITT. No.

Senator NUNN. Or just from one agency to another an exchange of property?

Mr. WITT. Yes.

Senator NUNN. What is the purpose of this 25 percent?

Mr. WITT. That really is basically to assume that the grantee is interested in the property.

Senator NUNN. Well, is 25 percent just a figure out of the air, or is it something that is an estimate based on overall survey of the relationship between original acquisition cost and value of disposal?

Mr. WITT. It is based on the best judgment of all of us who were involved in putting together this legislation.

Senator NUNN. So the grantee agency will pay to the other agency at least 25 percent, or exactly 25 percent; what is it?

Mr. CURRIE. It is a flat 25 percent.

It will go into miscellaneous receipts. The idea is somewhat based on the thought that the grantee agencies are using the excess property to supplement their grant, that it would be appropriate to apply greater accountability on those grantees if the grantor agency were required to pay from the grant funds that the Congress has appropriated something of value for the property.

Chairman RIBICOFF. Would not this have the practical effect of being a deterrent to just simply grabbing the property unless you had a need for it?

Mr. CURRIE. I think it will serve that purpose, because under the present arrangement, there is no limit, really, on the amount of property that a grantee may acquire, and consequently, without regard to the purpose of the grant, he is able to pick up property, and use it quite extensively for other purposes, as the GAO report pointed out.

Senator NUNN. Do you anticipate over a period of time, that this will cut the percentage, you mentioned 20 percent is now picked up by other Federal agencies, before it is declared surplus.

Mr. WITT. That will not affect the redistribution of excess, within the Federal family.

Senator NUNN. This is simply for Federal agency grantee?

Mr. WITT. That is correct.

Senator NUNN. Why don't you give me an example, so we will know what you are talking about?

Mr. WITT. Well, a university would probably be a good example. We do know, based on the GAO study, that universities have picked up property and equipment far in excess of the grant itself, and that the GAO investigated and found a lot of the property sitting on the shelf not being utilized at all.

They also found large quantities being utilized for other than the purpose of the grant, under which they obtained the material to begin with.

We feel it behooves those people to show a more responsible interest in the property program by coming up with some percentage, 25 percent of the value of the property.

Now, this would be a deterrent to those people who have been picking up a lot of equipment, and having it sit on the shelf, whereas another grantee across the country, may be trying to find exactly that kind of property.

Senator NUNN. You are saying it applies not to Federal agencies though, not from one Federal agency to the other?

Mr. WITT. No.

Senator NUNN. Why would not the principle be sound as applied to Federal agencies?

Mr. WITT. Well, I think it would be merely a transfer of funds between them.

Senator NUNN. I know that. I know in terms of bookkeeping it would not mean anything to the Government, but I am sure if you find lower governmental bodies, and universities that take excess property, and put it on their shelves and do not use it. I would assume that same trait of human nature would flow through the Federal system. There might be an incentive there.

Mr. WITT. We have more checks and balances very frankly between the agencies, whereas the philosophy of the grant, of course, is to get them to move out in certain areas that somebody has asked them to work on, without a lot of redtape, and bureaucratic bookkeeping.

Within the agencies, let us face it, we do have a certain amount of accountability and audit trail established within the Federal agencies that we do not want to place on the grantees to an excess.

In other words, we are trying to find a good balance here, between pushing this stuff out to the grantees, and letting them make good use of it, after we have screened it in-house, so to speak, to make good use of it within the Federal family.

At the same time, we have found without any basic controls at all, grantees are just not utilizing a lot of this excess equipment that has been shipped to them.

Senator NUNN. Has not the President got a considerable amount of authority under the present law to take care of a lot of the purposes embodied in this legislation, without having a change in the legislation?

Mr. WITT. I dare say that you could carve out different pieces of this, and do it administratively. I think that is correct.

At the same time you are running into the problem of meeting the requirements that we think have been shown to be needed by both the House and the Senate in looking at this program more deeply than we have. At the same time, the legislation does bring it together in one package, so that anyone looking at this program, can go to one piece of legislation, and say here is the basic set of ground rules that everybody should operate under, and that is a nice neat package, if you will, Senator.

Senator NUNN. That is all I have.

Chairman RIBICOFF. Just one remaining question. Suppose the property is worthless, or worth less than 25 percent of its acquisition cost?

Mr. WITT. Well, they probably would not want it to begin with.

Mr. CURRIE. They could receive that property of course, if it were declared surplus.

If it were not picked up as excess property, it would be available in the surplus category, and all of the grantees, I do not believe there are any exceptions, would be eligible for donation of surplus property.

Chairman RIBICOFF. Without cost?

Mr. WITT. Yes.

Chairman RIBICOFF. Thank you very much.

Mr. WITT. Thank you.

Senator NUNN. The next witness will be Mr. Wallace H. Robinson, Jr., Commissioner, Federal Supply Service, General Services Administration.

You may proceed.

TESTIMONY OF WALTER H. ROBINSON, JR., COMMISSIONER, FEDERAL SUPPLY SERVICE, GENERAL SERVICES ADMINISTRATION, ACCOMPANIED BY PAUL FLYNN, DEPUTY ASSISTANT COMMISSIONER FOR PERSONAL PROPERTY DISPOSAL

Mr. ROBINSON. I would like to introduce Mr. Paul Flynn, the Deputy Assistant Commissioner of Personal Property Disposal, Federal Supply Service. On behalf of the Administrator, Jack Eckerd, I wish to thank you for the opportunity to express the views of the General Services Administration on H.R. 14451, a bill to amend the Federal Property and Administrative Services Act of 1949 to permit the donation of Federal surplus personal property to the States for public purposes, and for other purposes.

Mr. Chairman, GSA supports H.R. 14451. Under this proposed legislation, GSA would assume full responsibility for the distribution of surplus personal property to the States for the expanded donation purposes set forth in the bill.

We believe that this single agency concept will improve the administration of the program by reducing the duplication of document processing and communication currently encountered in having several Federal agencies involved in the management of the donation program.

The movement of surplus property from Federal activities to State distribution facilities will be expedited by having GSA deal directly with the States, thereby reducing costs to the Government involved in holding personal property in Federal warehouses pending donation.

This legislation is cost effective in GSA's opinion.

While much more surplus property will be donated if this bill is enacted, the total cost of the program will not be increased.

We believe that once the program is consolidated in GSA, including the personnel of Department of HEW now working in the donation program, that by subsequent consolidation a reduction in personnel and appropriation can be realized over the next several years.

Appropriate provision is made in the bill for the transfer of records, property, personnel, and appropriations from the Department of Health, Education, and Welfare to GSA with respect to the functions previously performed by the Department of HEW.

GSA, for some time, has been concerned how best to improve the disposal of surplus personal property and reduce overhead costs and duplication of effort.

In January 1974, the Ad Hoc Interagency Study Groups, established and chaired by GSA, recommended that donation eligibility should be expanded and that consolidation of the program under GSA would result in increased efficiency and economy.

These recommendations are reflected in H.R. 14451.

Another concept of this legislation which GSA supports is the elimination of inequalities in the distribution of excess and surplus personal property.

H.R. 14451 supports the principle that Federal agencies should have first claim on excess personal property, not only for their own direct use, but also, under the controlled and explicit conditions set forth in the bill, for use in certain specific programs, such as the State cooperative fire control program, and by grantees who are carrying on federally funded projects which have specific termination dates.

When property is determined to be no longer needed within the Federal Government, that is when it becomes "surplus" property, the bill provides an effective distribution system through the States so that the needs of public agencies and eligible nonprofit health and education donees for such property can be fulfilled in an equitable manner.

GSA has studied this bill carefully in view of the increased responsibility and workload which we would assume, particularly with reference to the time frames provided in section 9 of the bill with respect to its implementation.

We in GSA, while recognizing the task before us, believe that we are prepared and ready to assume the responsibilities for the donation program, and we will work closely with the States to promote the donation of surplus property.

In summary, Mr. Chairman, GSA supports H.R. 14451 and has no recommendations for revision to the bill.

We in GSA are fully aware of the national asset represented in the annual generations of excess and surplus personal property, and the savings the taxpayers have derived from the continued use within the Federal Government of excess property, and through the donation of surplus property to the States for authorized purposes.

GSA will devote its full efforts to carry out the purposes of this proposed legislation.

Mr. Chairman, this concludes my statement. I will be pleased to answer any questions you or the other members of the committee may have.

Senator NUNN. Thank you, sir.

One question that has nothing to do with this particular bill, but is an outgrowth of a hearing the other day, but I think it is important. Do you submit your testimony to OMB for clearance?

Mr. ROBINSON. Not in the preparation stage, sir. However, it was submitted to OMB after it was prepared, and I understand it was cleared.

Senator NUNN. Do you know of any changes that OMB made in your testimony?

Mr. ROBINSON. None, sir. This is it.

Senator NUNN. This is the frank opinion of the GSA we are hearing today?

Mr. ROBINSON. Yes, sir. This is exactly as we prepared it.

Senator NUNN. Good.

If H.R. 14551 became law, how would GSA surplus property be distributed equitably across the States? This is in both terms and quality. What is your plan for trying to achieve equity?

Mr. ROBINSON. First of all, in preparation for possible passage of the bill, we have organized a task force to develop the necessary procedures.

The Federal Supply Service would operate through our 10 regional offices throughout the 50 States, working directly with the State agencies. We would review their plans, and it would be up to the Administrator to accept the plan or to require revisions to the plan, if it doesn't meet the law's requirements.

The end result is the Administrator will actually examine the State plans and decide that indeed property will be equitably distributed. On an annual basis, the Administrator will be required to report to the Congress relative to this program, including how the surplus property was distributed.

At the end of the first 2 years of operation of the program, the Administrator is required to provide a full report to Congress that will analyze the first 2 years of operation, and come up with a critique, including any recommendations relative to changes, if necessary.

Senator NUNN. How will you assure that distribution is made within a State in a fair and equitable way?

Mr. ROBINSON. We would not be policing the actions of the States, Mr. Chairman, but we would be approving their plans, and I would hope that the Administrator, and our people that are running the program in GSA would have a rapport with the States that would permit us to go in and discuss the program with them, and examine exactly what they are doing.

However, there also remains the General Accounting Office which would be able to go in and determine how this program is being administered by a State.

Senator NUNN. Are you confident that the States are capable of carrying out that function as envisioned by this bill?

Mr. ROBINSON. I cannot express confidence, or lack of confidence, sir.

I would assume that they will organize as the bill states, and if they do so, then I would certainly believe that they would be competent to do it.

Senator NUNN. Would a State under provisions of this bill, in its plan for distribution, be able to assign priority to a particular function, for instance, economic development over other functions?

Mr. ROBINSON. Yes, sir, their plan could assign such priorities.

However, it would be subject to review by the Administrator, and if in his judgment, this is not the best utilization of the property, he does not have to donate that property.

I would hope, and I would believe he would work with the States to be assured that it is the proper thing to do, or get the State to change it.

Senator NUNN. I have had the opinion expressed to me by several people that are concerned that the State government itself may keep the best of the surplus property. They would keep a good bit of the so-called cream of the crop. What do you have to say about this?

Mr. ROBINSON. Essentially what I have said, it is up to the Administrator to approve the State's plan, and also determine whether the State has done what the plan said.

However, I do not think the Administrator would have the resources, or the capability, to actually police every operation and effort.

If the Administrator found that in his opinion an inequitable distribution was being made, I do not think he would hesitate to contact the State authorities and, if necessary, other authorities. Certainly the following year, or in subsequent time periods, the Administrator by this bill would have the authority not to donate the property to that particular State.

Senator NUNN. I believe the words "need" and "utilization" are used in this bill.

Are you going to have regulations that really set up specific criteria, under need and utilization, or will those words be rather subjective in a judgmental way and in nature?

Mr. ROBINSON. No, sir; it would be our plan to take over, first of all, the HEW regulations, and review them, and it would further be our plan to establish criteria, which may be based on population, economic situations in the States, and other factors.

We certainly would take those words most seriously, and provision would be included in our administration of this act, which would specifically address those particular terms. They would be used in our criteria.

Senator NUNN. Senator Metcalf, we have about nine more witnesses. I will not try to have over 8 or 9 minutes of questioning of each witness, and then turn it over to you. If I exceed my 10 minutes, I want to have the staff let it know.

I have one more question here of this particular witness, and then I would be glad to defer to you.

Senator METCALF. Mr. Chairman, I feel that you are doing a very able job interrogating the witnesses, bringing out the facts and many of the questions I would have asked. So go right ahead.

Senator NUNN. I just have one more series of questions on one other subject.

If surplus property is not claimed by a State agency under the existing program, what happens to it? I am talking about the existing law.

Mr. ROBINSON. We would put this material up for sale by the Government to the public.

This property would already have been totally screened through all of the departments of the Federal Government, and this property then would be placed on public sale.

Senator NUNN. Is it done competitively, or is it done on a bid basis, or how is it sold once it goes through?

Mr. ROBINSON. It is sold in various ways, sir. There are retail sales that take place, where spot bids are made by individuals who come in and inspect the property and bid on it. There are advertised bids, with national advertising. We have many people, many organizations on the bidder's lists.

Sometimes the goods are sold at auctions. In short, we try to sell the property in such a way as to maximize the return to the Federal Government for the property sold.

Senator NUNN. At what point did surplus commercial property dealers like some of those here in Washington, D.C. At what point do they get involved?

Mr. ROBINSON. Only after the total screening process with the Federal agencies. And only after donation decisions were made. In other words, they are at the end of the line.

Senator NUNN. That would mean after it goes through all of the State and local agencies also?

Mr. ROBINSON. Yes.

Senator NUNN. And almost every area of government does not need the property, and does not want it, and then they get involved?

Mr. ROBINSON. Then the property would be declared surplus, and it would be prepared for sale.

Senator NUNN. I thought it was declared surplus if it cleared the Federal agency?

Mr. ROBINSON. Yes, sir, it would be. It is made ready for sale not only after it is declared surplus but also after eligible donees are screened.

After the Federal agencies screened it, after the State and the donation procedure goes through, it remains surplus, so it would then be available for sale.

Senator NUNN. What changes will be made under the new law in regard to what you just described?

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Mr. ROBINSON. Well, I did not mention the Regional Action Planning Commissions, but at the present time, the regional commissions are able to claim this property during its excess phase, which is before it is declared surplus, and before it would be made available for donation.

Under this legislation, that situation would no longer exist, and therefore there would be more property available for donation. The surplus people would still be at the end of the line. So with respect to where they stand in the order, they would still be at the bottom.

Senator NUNN. So you are eliminating one tier of eligible recipients for the so-called excess property before it is declared surplus?

Mr. ROBINSON. That is correct.

Senator NUNN. And those being eliminated are the regional commissions?

Mr. ROBINSON. Yes, sir.

Senator NUNN. Senator Metcalf?

Senator METCALF. Largely one of the chief changes in the bill is that that one you mentioned, on regional commissions?

Mr. ROBINSON. Yes.

Senator METCALF. Now, what do the regional commissions do with the property now under the present laws and regulations?

Mr. ROBINSON. They distribute it in their particular regions for purposes of economic development.

Senator METCALF. So the various regions, and all States, are not represented on regional commissions?

Mr. ROBINSON. I understand 33 of the 50 States are represented.

Senator METCALF. So that the balance of the States would not have an opportunity to participate in the distribution by regional commissions under the present law?

Mr. ROBINSON. That is correct, sir. In that respect, it is an inequality.

Senator METCALF. And that is one of the inequalities you are trying to remedy?

Mr. ROBINSON. Yes, sir.

Senator METCALF. And the procedure of the regional commissions, for the purpose for which they are established, is to set the method of distribution of that surplus property that is given to them?

Mr. ROBINSON. In today's terminology, excess property.

Senator METCALF. It is still excess property when it is at the regional commissions?

Mr. ROBINSON. Yes.

Senator METCALF. It does not get to be surplus until after it goes through the regional commission?

Mr. ROBINSON. After it goes through all agencies and regional commissions. In effect, they are competing with other Federal agencies.

Senator METCALF. Those are all of the questions I have.

Senator NUNN. Mr. Flynn, do you want to add anything, or have we covered everything?

Mr. FLYNN. You have covered everything.

Senator NUNN. Do you think there are any hard questions that would be difficult to answer that we have not asked this morning?

Mr. FLYNN. No.

Senator METCALF. What branch of the service were you in?

Mr. ROBINSON. The Marine Corps.

Senator METCALF. So that you are very familiar with the kind of surplus property that was developed over in the islands, and in the Asian theater?

Mr. ROBINSON. Yes.

Senator METCALF. Sometimes we were told that property was just bulldozed into the ocean, because it was cheaper to do that than to ship it back.

Mr. ROBINSON. I am sure during the time period we are talking about some 30 years ago, there was probably some of that done, and I do believe it was cheaper than shipping it back.

Senator METCALF. You know, we have had quite a bit of surplus property over in that theater, because of recent quarrels, and I hope that we are utilizing it to the best interests of all.

Mr. ROBINSON. Yes, sir, our management, our screening procedure, for the total handling of excess property, and property which became excess during the recent military operations, has far improved over what it ever has been in the past. Property did get adequately screened and this is still being done today.

Senator NUNN. We turned a deal of it over to another government to handle it.

Mr. ROBINSON. Yes, sir, we did, under the regulations that existed.

Senator NUNN. I mean by that to the Government of North Vietnam.

Mr. ROBINSON. That was not the government I was talking about.

Senator METCALF. Thank you very much.

Senator NUNN. We do thank you.

Mr. ROBINSON. Thank you.

Senator NUNN. Our next witness is Mr. Fred J. Shafer, Director, Logistics and Communications Division, accompanied by Mr. Henry W. Connor and Mr. B. William Sewell.

Mr. Shafer, you may proceed in any manner you wish.

TESTIMONY OF FRED J. SHAFER, DIRECTOR, LOGISTICS AND COMMUNICATIONS DIVISION, U.S. GENERAL ACCOUNTING OFFICE, ACCOMPANIED BY HENRY W. CONNOR, ASSOCIATE DIRECTOR, AND B. WILLIAM SEWELL, ASSISTANT DIRECTOR OF THE DISTRIBUTION MANAGEMENT GROUP

Mr. SHAFER. Mr. Chairman, members of the Committee on Government Operations, I welcome this opportunity to present the General Accounting Office views on H.R. 14451.

On September 30, 1975, I testified on H.R. 9152, the predecessor to H.R. 14451 before the Subcommittee on Government Activities and Transportation, Committee on Government Operations of the House of Representatives.

The purpose of H.R. 14451 is to amend the Federal Property and Administrative Services Act of 1949 to permit the transfer of Federal surplus personal property to the States for donation to local organizations for public purposes, and for other purposes.

This act reinforces the intent of the 1949 act which established GSA as the Federal Government's manager of excess and surplus property. It broadens the scope of the earlier act to permit donation of

property to many more recipients and authorizes use of the property for additional purposes.

This act protects the provisions of the 1949 act which emphasized utilization of excess personal property by Federal agencies which have an internal requirement for such property.

It also puts non-Federal institutions and activities on a more equitable basis by providing the means whereby institutions that are conducting federally sponsored projects under a grant, which has a specific purpose and termination date, may obtain property that will be used to achieve the purposes of the grant.

It centralizes the management control and decisionmaking in one organization at the Federal level and in one organization in each of the States, except in those instances when the title for transferred property is retained in the United States.

This act should provide a more efficient and less costly system for the donation of property while insuring continued maximum utilization of excess personal property by Federal agencies for their internal requirements.

At the outset allow me to distinguish between the terms "excess property" and "surplus property."

When a Federal agency determines that a quantity of personal property exceeds its needs, it is called excess and reported to GSA for screening by other Federal agencies for possible utilization. If another Federal agency makes proper application, the property is transferred to that agency. If no Federal agency requests the property it is identified as surplus. Such property may be offered for donation purposes or ultimately disposed of through sales to the public.

Each State has established a single State agency for surplus property which is responsible for Federal personal property that has been transferred to it for donation to authorized donees.

The State agency acts as a conduit through which Federal personal property is transferred to eligible activities known as donees. These include health, educational, and civil defense organizations.

The State agencies acquire personal property from Government installations, store it at their distribution centers, and subsequently distribute it to eligible donees who apply for it.

The States attempt to operate on a break-even basis. They set a nominal service charge for items which is designed to cover the costs of operating their agencies.

My following remarks are directed primarily to those portions of the act which significantly change the current law or which GAO feels warrant consideration.

The act would give authority and responsibility to the Administrator of GSA to allocate surplus property on the basis of need and utilization to the State agencies at their request. This would eliminate HEW's current responsibility for determining whether surplus property is usable and necessary for purposes of education or public health, or for research or any such purpose.

It would also eliminate HEW's current authority to allocate such property for transfer by the GSA Administrator to State agencies for distribution within their particular States.

We believe that implementation of the provisions of this act would avoid duplication of functions and paperwork that currently takes

place between GSA and HEW and would increase the volume or dollar amount of property that would be made available to the States.

Neither GSA nor HEW statistics show the volume or dollar amount of property donated to the States as a result of direct action by HEW, as distinguished from requests originated by the States. Based on our observations, however, we believe that the States initiate most of the actions.

There are instances when more than one State requests the same property and HEW decides which State will receive it.

At that time, HEW considers each States' actual dollar allocations in relation to its computed dollar entitlements.

That is, the State whose ratio of actual allocations to computed entitlement is lower, usually gets the property.

The formula to compute a State's entitlement is based on three factors: (1) State and national per capita income, (2) population, and (3) need.

For the period April 1, 1975, through March 31, 1976, there was little relationship between the actual allocation of property and computed entitlement.

The ratios of allocation to entitlement ranged from 20 percent for one State to 220 percent for another State.

Because of the limited number of cases where States request the same property and the lack of relationship between HEW's computed entitlement and actual allocations based on State requests, it is apparent that selection of property and its transfer to the States, are for the most part being carried out by the State agencies and GSA.

Enactment of the act would eliminate a level of Federal Government administration that, in our opinion, is not necessary for productive and efficient management of the surplus property program.

Federal agencies currently are authorized to obtain excess property and make it available to their grantees. This in effect gives the grantees the same right to excess property as a Federal agency.

Senator NUNN. Under the new law, how do you define "grantee"?

Almost everybody in this country gets something in the way of a grant from the Federal Government, almost every local government, State government.

What is the definition of a grantee?

Mr. SHAFER. In this context we are using, it would be the sort of grant the National Science Foundation would make to an academic institution, to obtain scientific data or to perform some sort of scientific research on a specific project, in which case the National Science Foundation, exercising its authority under the excess program, and having received a request from the grantee, would earmark that property for the grantee.

Thus we are referring here more to the types of grants that Federal agencies make to institutions for research and development.

Senator NUNN. Now, is the particular area of that institution involved with the grant, the only part of the institution that is eligible, or is it that the entire institution becomes eligible, because one of its components is conducting a research project under a grant of the Federal Government?

Mr. SHAFER. I do not know whether I can answer the question quite in that context, but I believe the donation of property must be tied into the grant. Yes, it must be tied into it.

Senator NUNN. It has to have a direct relationship to the grant?

Mr. SHAFER. Yes.

Senator NUNN. It has to be to further the purpose of the grant?

Mr. SHAFER. Yes, and, therefore, if the entire institution was in on a grant, it would accrue to the entire institution.

Generally the sequence of events is as follows:

The grantee screens the GSA catalogs of excess property or physically screens property in a disposal yard and makes its selection.

The grantee then originates and submits the necessary documentation to the grantor Federal agency.

The grantor approves and forwards a request for the property to GSA which in turn advises the grantee that it can have the property.

The rationale for permitting grantees to acquire excess property is that it will minimize grant expenditures, expedite grant programs or enhance benefits from the grant.

Although we do not doubt that benefits obtained from furnishing property to grantees, determining their value in relationship to the grant is a nebulous assumption at best.

In its report of January 1974, the Ad Hoc Interagency Study Group on Utilization of Excess Federal Property enumerated a number of significant problems which continue in the grantee program:

First. Some screening problems caused by a proliferation of screeners with no certification, and uncertainty about who is authorized to screen and freeze excess personal property.

Second. Lack of proper inventory records and accountability by some Federal agencies.

Third. Some grantees using their grants to acquire more than the dollar value of their grants in excess property.

This can be at the expense of other grantees who could also use the same property.

Fourth. No strong cost accounting systems to determine how much these grantee programs cost to operate, and therefore, few real benchmarks to measure the cost of the grantee programs against their benefits.

Fifth. Inadequate review and compliance programs by granting Federal agencies.

The long term recommendations of the ad hoc group's report are provided for in this act in that the utilization of excess property and the donation of surplus property programs are restructured.

For many years GAO has strongly supported Federal grantee use of excess Federal property because of the purported benefits to Federal programs through use of equipment and material which otherwise might not be used for Government purposes.

Under the act, a Federal agency may obtain excess personal property and furnish it to any institution or organization which is conducting a federally sponsored project under a grant that has a specific purpose and a termination date, provided first, such property is furnished for use in connection with the grant, and second, the sponsoring Federal agency pays an amount equal to 25 percent of the original acquisition cost.

Under this condition, the grantee is given title to the excess property and is required to account for and dispose of it in accordance with

procedures governing the accountability of personal property acquired under grant agreements.

We have no specific data from which to evaluate whether or not the requirement that Federal agencies pay 25 percent of the original acquisition cost will impede the flow of needed excess material to grantees for use in the grant, but we believe it will give reasonable assurance that unneeded excess material will not flow to the grantees.

In addition, the Department of Agriculture in connection with the Cooperative Forest Fire Control Program and the National Science Foundation can make excess personal property available without charge, provided the title is retained in the United States.

In this situation, the Federal agency making the property available to a grantee would have to maintain accountability for the property.

In our report to the Chairman of the Subcommittee on Government Activities and Transportation, House Committee on Government Operations, on the "Use of Government Excess Personal Property by Non-Federal Entities," we discussed our observations at several institutions, mainly colleges and universities, which have received substantial amounts of excess personal property because of their grantee status.

We pointed out that in some cases the property obtained was used to further the purpose of the grant or grants under which the property was acquired.

However, in other cases, we observed that use of the property had no direct relationship to the grants.

We also observed property that had been acquired but not put into use.

It was impractical if not impossible for us to determine whether another Federal agency would have had an internal need for the property at the time of its transfer to the grantee, nor can we say the property would have been requested for donation by one of the States.

However, the probability of one or the other of these conditions obtaining is, in our opinion, not unreasonable.

At one school, we could locate only 115 of 396 items that had been acquired under eight grants. Only about one-half of these were being used or had been used within a department laboratory or shop. Neither we nor the school official were able to associate the use of these 115 items with a specific grant.

Of the items located, two had been cannibalized and 50 were in storage and had never been used.

At another institution, 34 of 36 items were in general use not directly associated with a grant.

These items included general supplies such as wire, rod and bar steel, bottle stoppers, etc.

Also, large quantities of general supply items were stockpiled and used as needed for both grant and nongrant activities.

Some schools had acquired what appeared to be unusually large amounts of excess property in relation to the amount of their grants.

For example, one had a $315,000 grant which expired in April 1975 under which it had acquired $3.8 million in excess personal property, which goes to the question we were talking about, all of this property

is supposed to be used in connection with the grant, and what we found was there was no relationship to this grant.

I have to add, the residual value would be substantially less than that, but at least the comparison is there in an order of magnitude that demonstrates the volume of donated property in relation to the grant.

Senator NUNN. But if it were only one-tenth percent, it would still exceed the grant?

Mr. SHAFER. That is true.

Another school had a grant for $239,000 under which it acquired $4.5 million in excess property.

This act, in our opinion, should help to overcome the tendency on the part of some institutions to acquire property without having first planned a specific use for it under the grant.

Current Federal regulations require stringent controls, accounting, and compliance reviews by agencies sponsoring the transfer of excess property to grantees.

For example, the regulations state that excess personal property may be furnished to project grantees provided a determination is made by the sponsoring Federal agency that acquisition of the property will result in a reduction in cost to the Government or in an enhancement or benefit from the grant.

We found no documentary evidence to demonstrate that such determinations had been made or that dollar cost reduction or benefits computed.

The prescribed system of accountability for such property is very detailed.

However, up-to-date, accurate, and complete accountability for transfer of excess property to grantees generally was not being maintained by the sponsoring Federal agencies when we inquired into this matter about a year ago.

The National Science Foundation, which has provided very large quantities of excess property to its grantees, has a computerized accountability system. However, at the time of our inquiry, just the manual efforts required to transfer data from paper to the computer had proved too much.

As a result, complete and accurate information concerning the amount of excess property transferred by NSF to its grantees was not available.

Other agencies maintain varying degrees of accountability for excess property they have transferred to grantees.

One agency merely maintains the forms which identify the property transferred as its accounting record.

However, these are not accumulated by grant or institution and no real control is maintained over the amount of property transferred to a grantee or to all grantees.

This act with its reporting requirements placed on the grantor Federal agencies should force a better system for accounting for this property.

Under the act, all of the Federal agencies would continue to have an opportunity to acquire excess property for their own internal requirements.

Grantor agencies would be able to acquire excess property for their grantees under conditions which would, in our opinion, encourage better planning for its use and act as a deterrent to the acquisition and stockpiling of property.

The remaining property would then be identified as surplus and transfers to grantees will be able to flow through the State agencies to them and to other eligible recipients. The act provides that the State plan of operation require the State agencies to provide for the return of donable property for further distribution if it has not been placed in use within 1 year of acquisition or ceases to be used by the donee within 1 year of being placed in use.

In addition, the act permits State agencies to assess and collect service charges from recipients provided these charges are fair and equitable and are based on services performed.

It also provides that State agencies may impose reasonable restrictions on the use of the property.

During 1974–75 we reviewed the agencies in a number of States and found that for the most part they were administering their programs effectively.

Most of the States' accounting records were complete and accurate, and showed the current status of property items.

Also, they were determining that the restrictions on certain donated property were being complied with.

This was accomplished either through documented correspondence or physical verification.

Generally, most of the States have the basic organization and management controls needed to meet the requirements and responsibilities that would be assigned to them under this act.

One other portion of this act which I believe warrants comment is the repeal of section 514 of the Public Works and Economic Development Act of 1965.

This section which became law in 1974 gave multi-State regional action planning commission Federal Cochairman access to Federal excess personal property on the same basis as other Federal agencies.

These 7 regional commissions, representing all or sections of 32 States, were established to enhance the economic development in their areas.

As a result of our report to and our testimony at the hearings of the House subcommittee, the subcommittee chairman requested that we provide photographic and documentary evidence of use, misuse, or nonuse of excess property acquired through Federal agencies by grantees or by recipients under the regional economic development commissions.

In response to this request, we selected 697 items with an acquisition cost of about $344,000 that had been transferred to recipients in the Four Corners and Ozark regions.

Our inquiries included discussions with officials of the regions and recipients of the property, as well as observation of the property where this was practicable.

We found that 27 items were in use and 176 were not being used.

The recipients informed us that they had plans for the use of the remaining 494 items.

The act protects the objective of these commissions by providing that surplus property be made available not to just 32 but to all States for the purpose of economic development.

As we interpret it, present recipients of property under section 514 could continue to receive property and use it for economic development, although its distribution would be centralized in the appropriate State agency.

In summary, we feel that the act should result in more productive and efficient administration of the Federal excess and surplus property programs.

Equitable distribution of available personal property can be attained if all eligible institutions and activities apply to and receive the property from one centralized source—the State agency.

Under this system the States could establish their priorities and direct the property to uses which would assist them to accomplish their objectives.

In addition the act continues to permit the use of excess property for Federal programs and grants.

By requiring some payment by grantor agencies or retention of title by the National Science Foundation or the Department of Agriculture the act encourages better advanced planning for the use of acquired property and discourages its stockpiling.

However, we cannot ascertain whether or not the requirement for an agency to pay 25 percent of the acquisition cost when providing a grantee with excess material will inhibit the flow of useful material to the grant.

By permitting the National Science Foundation and the Department of Agriculture, respectively, to furnish excess property under grants and in connection with the cooperative forest fire control program without charge, provided the title is retained in the United States, the act emphasizes the need for these agencies to retain accounting records for such property.

Finally, the act centralizes the bulk of the program in one Federal agency—GSA and in one agency of the States—the State agency for surplus property.

This should provide a more effective and less costly system for the donation of property while insuring continued utilization of excess personal property by Federal agencies.

Mr. Chairman, that completes my statement. We will be glad to answer any questions you may have.

Senator NUNN. Thank you, Mr. Shafer. I think that is a very thorough statement.

One or two questions, do you have any estimate of how much the Federal Government should expect to save by reason of this legislation?

Mr. SHAFER. No, sir. You mean in terms of personnel savings?

Senator NUNN. That is correct.

Mr. SHAFER. The only estimates we have, Mr. Chairman, are those that were published in the report on this act by the House, and this estimate is approximately $105,000 would be the average annual budget savings for the next 5 years, amounting to a total of $525,000, and there would be some additional savings that they did not identify, but we have not audited these figures.

Senator NUNN. But do you generally agree there would be savings, do you believe this could be more expensive than a distribution program?

Mr. SHAFER. We think very clearly if the GSA administers its parts of the program properly, there should be savings, because there is substantial duplication and overlapping of functions, as between HEW at the present time and GSA, and by eliminating the involvement of HEW, and concentrating the evaluations and the standards for the program in one agency, we feel quite confident there should be savings both in personnel and through a reduction of duplication.

Senator NUNN. Have you done any investigating of the disposal of excess and surplus property in the Trust Territory of the Pacific, which is the Mariana Islands?

Mr. SHAFER. No; we have not.

Senator NUNN. You have not?

Mr. SHAFER. No.

Senator NUNN. I understood the General Accounting Office had done a study on this.

Is that your division?

Mr. SHAFER. It would be my division, but to my knowledge, not in recent years.

Senator NUNN. Well, we will check on that later.

I have some wrong information.

Mr. SHAFER. I will try to run that down for you.

It may have come up in connection with some other study that I am not aware of.

Senator NUNN. Senator Metcalf?

Senator METCALF. Not only the Marianas, but the other islands in the trust territory, the Marshalls, and so forth.

Senator NUNN. There have been some serious allegations about that, and I wondered if you had gotten into it.

Senator METCALF. For instance, there is a considerable amount of surplus property every year in that part of the trust territory, and sometimes we wonder what happens to some of it.

Mr. SHAFER. If we have done a study of it, it probably was in connection with something else.

We will run it down for you.

Senator METCALF. Mr. Chairman, as I understand it, when the property is declared surplus, or excess, is every Federal agency given an opportunity to use it for its own internal operation?

Mr. SHAFER. That is correct.

Senator METCALF. And there is no cost?

Mr. SHAFER. No cost.

Senator METCALF. And there will be no cost under this bill?

Mr. SHAFER. Except for transportation costs involved.

Senator METCALF. Yes; I understand that, but no charge for the property itself?

Mr. SHAFER. Correct.

Senator METCALF. Now, then, there are some agencies, and you named two—National Science Foundation and the Department of Agriculture which can take excess property—and give it to grantees of a Federal program that those two agencies had administered, and those agencies will have to pay up to 25 percent of the cost of that property which would be deducted from the grant.

Mr. SHAFER. Correct.

Senator METCALF. Are there any other Federal agencies, other than those two you have named, that have this ability to give excess property to grantees?

Mr. SHAFER. Oh, yes; any of the Federal agencies that have grantees would be included.

Senator METCALF. There would be no limitation here to the Department of Agriculture and to the National Science Foundation?

Mr. SHAFER. No such limitation.

Senator METCALF. One such agency which comes to mind is the Department of Interior.

Mr. SHAFER. The Department of Defense.

Senator METCALF. The Commerce Department also and this would be applicable to all of those Federal agencies that make grants, that are not part of their internal operations, and then there would be a charge of 25 percent.

Mr. SHAFER. That is correct.

Senator METCALF. And then the property would be declared surplus after it had gone through this whole excess property procedure, and then it would be donated to the States, and there would be no charge of 25 percent or anything else?

Mr .SHAFER. That is correct, there would be no charge to the States for the property, per se.

Senator METCALF. So that in addition to the new charge of 25 percent to be deducted from the grant, it only applies to this property that is excess, and is picked up by a Federal agency in order to contribute to its grantees?

Mr. SHAFER. Yes, sir, that is correct.

Senator METCALF. I just wanted to make those three stages clear in my own mind and clear for the record.

Mr. SHAFER. One addition I would make to the statement is that at the present time, the regional commissions are on the same level as the Federal agencies for excess property, and under the act, the regional commissions would have to go to the State agencies for excess property.

Senator METCALF. I think it is important to bring that out, that the regional commissions, you say 32 States belong, and the previous witness said 33.

Mr. SHAFER. Thirty-three, one State was added just recently and I learned about it yesterday.

Senator METCALF. There are some that are not participating in the regional commissions, and, therefore, are denied the opportunity to participate in surplus property at that level?

Mr. SHAFER. At that level it would be excess, you are correct.

Senator METCALF. And that is excess property, that had never passed into the surplus property category?

Mr. SHAFER. That is correct.

Senator METCALF. Thank you very much. Thank you for an excellent statement.

Senator NUNN. Thank you, Mr. Shafer, and also to your associates. We appreciate your help.

Mr. SHAFER. Thank you, Mr. Chairman.

Senator NUNN. Our next witness this morning is Mr. John Eden, Assistant Secretary of Commerce for Economic Development, of the Department of Commerce.

Mr. Eden, would you care to introduce your associates?

TESTIMONY OF JOHN EDEN, ASSISTANT SECRETARY OF COMMERCE FOR ECONOMIC DEVELOPMENT, DEPARTMENT OF COMMERCE, ON H.R. 14451

Mr. EDEN. Thank you very much, Mr. Chairman.

On my left is Mr. George Milner, the Deputy Director of the Office of Regional Economic Coordination of the Department of Commerce, and on my right is Mr. William Clinger, who is the Chief Counsel of the Economic Development Administration.

Senator NUNN. Fine. You may proceed with your statement.

Mr. EDEN. Mr. Chairman and members of the committee, I would like to thank the members of the committee for providing me with the opportunity to present the views of the Department on H.R. 14451.

My remarks this morning will relate to both the title V regional commissions and the Economic Development Administration which I have responsibility for and which are the two areas of the Department most concerned with the subject matter of this legislation.

The bill would amend the Federal Property and Administrative Services Act of 1949 by placing State surplus property agencies in charge of the distribution of surplus property and by increasing the range of eligible recipients, as well as broadening the categories of use of such property.

Furthermore, the bill will lessen considerably the extent to which Federal agencies utilize excess property as a tool to provide additional needed support for various financial assistance programs.

The Department of Commerce generally supports the purpose of the act which is to provide an effective and efficient program for the disposal of unneeded Federal personal property.

Likewise, we generally support those provisions which expand the range of eligible recipients to encompass entities such as Indian tribes, local governments and economic development districts.

Regional commissions and EDA have had no concern with surplus property in the past.

Expansion of the permissible uses of surplus property to include such public purposes as economic development, public safety, and recreation is also considered by us to be a positive step in making available unneeded Federal property to the public bodies which established the greatest need for such property.

Senator NUNN. You are saying EDA, and the commissions have had no involvement with surplus properties, you are distinguishing that from excess property?

Mr. EDEN. Yes, sir. Both of our programs deal with excess property. On the other hand, EDA's excess property program has been utilized as a vehicle to provide certain grantees—economic development districts, and, therefore, their component local units of government, and Indian tribes—with Federal excess property for use in their economic development efforts.

Our present program permits EDA to use this excess property in the communities, States, and counties which are most in need of such assistance.

These communities have limited finances and resources. We strive to utilize every available tool to provide help to these communities and help insure the most effective and efficient utilization of the property.

The provision in section 3 of this bill requires the sponsoring Federal agency to pay an amount equal to 25 percent of the original acquisition cost of the excess property furnished to a grantee.

There appears to be a legal question whether funds appropriated to EDA may be utilized for this purpose.

And we would need to examine the desirability of using available grant funds for this purpose. The proposed surplus property program will not serve as a substitute for EDA's excess property program.

We recognize, however, that EDA grantees will be eligible recipients of surplus property under the provision of H.R. 14451.

Thus, they will be able to compete on the basis of need and utilization with other State and local programs for the available surplus property.

While this will not afford EDA grantees the provision they now enjoy we believe it would assure that all public needs are equally considered for Federal property.

We have instituted various controls of excess property, ranging from computer data to periodic inspections.

Our program also relies on local initiative in augmenting these controls.

Of the approximately 145 districts eligible to receive excess property—that is, all of the districts which have EDA planning grants—approximately 30 are thus far taking advantage of the program.

This represents approximately 27 percent of those districts eligible during the first year of our revised programs' operation. Property acquired to date has a total value of $9,138,000. If the average level of acquistion remains the same, about $22 million in excess property will be put to work in these districts which represent about one-third of all counties in the United States.

The EDA grantees have used the excess property program in a variety of situations.

For example, the program has provided in the Northwest Arkansas District, heavy road building and maintenance equipment to maintain secondary and tertiary county roads which have a low priority for State maintenance; a fire truck for Montrose, Colo., which never had one before; and over $800,000 in excess property for the Navajo Tribe in Arizona for a wide variety of uses.

As Acting Special Assistant to the Secretary for Regional Economic Coordination, I am responsible for carrying out the Secretary's operational responsibilities with respect to the Federal cochairmen of the Regional Action Planning Commissions which have been established under title V of the Public Works and Economic Development Act.

To date seven such Commissions have been established, and they cover all or parts of 32 States.

Among the provisions of title V is section 514 which authorities a "Regional Excess Property Program."

The Congress added that section to title V by Public Law 93-423, approved September 27, 1974.

Section 514 authorizes the Federal cochairman of title V regional commissions on an equal basis with other Federal agencies to acquire excess personal property from the General Services Administration and to dispose of it without reimbursement for economic development purposes to a variety of State and local, Indian, and certain nonprofit recipients within their respective regions.

The Federal cochairmen are authorized by the statute to lend the property or to transfer its title to eligible recipients.

During the year and a half that the program has been in operation, we have found that the property has been valuable in supporting economic development and that the program has been very popular among the Governors and States in the title V regions.

I recently had a management review made of the program with on-the-ground checks made in each region.

We found that in nearly every instance there is a great need for the property received, particularly in the many smaller towns and communities with insufficient tax base.

Despite the popularity of the program and the good use to which the property has been put, the Administration believes that it is not an appropriate program for regional action planning commissions.

The commissions have a primary responsibility for multistate economic development. They are not equipped and were not originally designed to be property management agencies in the sense that the General Services Administration is a property management agency.

We believe that this expanded surplus property authority proposed in the bill approaches that kind of authority which the Congress provided the Federal cochairman in enacting section 514.

With this expanded authority handled by the General Services Administration, the Federal agency which is generally charged with and is experienced in property management, the justification for regional commission involvement is diminished.

Accordingly, it is the Administration's position that section 514 of the Public Works and Economic Development Act should be repealed as provided in section 6 of H.R. 14451.

Thank you. This concludes my statement I shall be happy to try to answer any questions.

Senator NUNN. Thank you.

Mr. Eden, has your statement been cleared with the Office of Management and Budget?

Mr. EDEN. Yes, sir, it has.

Senator NUNN. Were any changes made in that revision?

Mr. EDEN. There were two portions added which I can read to you.

On page 3 of the statement, the second sentence which reads: "And we would need to examine the desirability of using available grant funds for this purpose."

That was added, and, second, the following sentence: "We recognize, however, that EDA grantees will be eligible recipients of surplus property under the provision of H.R. 14451. Thus, they will be able

to compete on the basis of need and utilization with other State and local programs for the available surplus property. While this will not afford EDA grantees the provision they now enjoy, we believe it would assure that all public needs are equally considered for Federal property."

Senator NUNN. Those two sentences were added—there was nothing deleted?

Mr. EDEN. That is correct.

Senator NUNN. I notice you say through here we, we, we—and then you get over on to page 5 and you say the administration.

I am not attaching any significance to it, but I would like to know why.

Mr. EDEN. I was striving in the early part of the testimony to describe the actual operations of the program and its resulting activities.

Senator NUNN. Does the Commerce Department, then, in your division of it, endorse this bill?

Mr. EDEN. Yes, sir, we do.

Senator NUNN. Senator Metcalf?

Senator METCALF. I have no questions.

Thank you very much.

Senator NUNN. I have a couple more questions here.

How much of the Nation geographically is now included in excess property programs operated by the Department of Commerce?

Mr. EDEN. Thirty-three States, Mr. Chairman, are included in the Regional commission excess property program, and within EDA, 145 districts are included.

I will have to verify for you specifically those 145 that are not included in the title V regions.

I will get a rundown on that, and provide that for you, Mr. Chairman.

Senator NUNN. For instance, in my own State, in the State of Georgia, which I am more familiar with, we have some situations in which some of our counties are in the Coastal Plain Regional Commission, and some are not.

Some are in the Appalachian Regional Commission, which is not eligible to participate.

Do you have any breakdown of Georgia counties within the Coastal Plains region?

Mr. EDEN. All of the countries included in the Coastal Plain region are included in these programs, and not those counties in the Appalachian region.

Senator NUNN. Why is the Appalachian Regional Commission not eligible?

Mr. EDEN. I am not familiar with the background on that. I am told that the amendment is to title V, which covers only the title V Coastal Plains, and the six other Regional Commissions.

Appalachia is in a separate status, and Congress did not amend its legislation or extend the section 514 program to the Appalachian Regional Commission.

Senator NUNN. You do not know the rational reason? It is just not a part of the law?

Mr. EDEN. That is correct.

Senator NUNN. What is your specific purpose for distributing the property within the Department of Commerce as excess property?

Mr. EDEN. Our specific purpose, Mr. Chairman, is to augment those grantees under the EDA program in carrying out the long-term economic development plan of the district which receives the aid.

In the case of title V commissions, again our objective is to utilize the property to help communities in their local economic development.

Senator NUNN. How many people do you have in the Commerce Department now engaged in this part of disposing of excess property?

Mr. EDEN. In the title V commissions, we have approximately seven Federal people involved in administering that program, both in Washington, as well as in the field. There are two full-time people in Washington assigned to the program and some people are assigned part-time in the field, depending on the needs in the districts and the grant requirements that exist.

Senator NUNN. Does this include secretarial help so all of the positions involved would be seven in the title V area and two in the EDA area?

Mr. EDEN. In the title V commissions there are seven Federal people who spend part of their time working on excess property.

The commissions provide their own people independently. Within Commerce; the numbers I have given you are all of the people involved.

Senator NUNN. That includes the regional people also?

Mr. EDEN. Yes.

Senator NUNN. What will happen to these people under the new provisions? What will happen to these positions, under the new law as proposed?

Mr. EDEN. In the case of the title V commissions of course, they would be reassigned, because there is no provision for extending this program under the new law, and I would assume the people within EDA would be absorbed in other activities, there being so few of them.

Senator NUNN. But you will abolish these nine positions, and they would be shifted to some other positions?

Mr. EDEN. Yes, sir.

Senator NUNN. I have no other questions. Thank you very much.

Mr. EDEN. Thank you.

Senator NUNN. Our next witness is Mr. Gerrit D. Fremouw, Deputy Assistant Secretary of HEW for Facilities, Engineering, and Property Maintenance.

Would you like to introduce your associate here?

TESTIMONY OF GERRIT D. FREMOUW, DEPUTY ASSISTANT SECRETARY OF THE DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE FOR FACILITIES, ENGINEERING, AND PROPERTY MAINTENANCE, ON H.R. 14451, ACCOMPANIED BY CECIL PATTERSON, DIRECTOR OF THE FEDERAL PROPERTY ASSISTANCE PROGRAM

Mr. FREMOUW. Mr. Chairman, this is Mr. Cecil Patterson, Director of the Federal Property Assistance Program.

Senator NUNN. Thank you.

Why don't you go ahead and proceed with your statement.

Mr. FREMOUW. Mr. Chairman, I am Gerrit D. Fremouw, Deputy Assistant Secretary for Facilities, Engineering, and Property Management.

May we first express our appreciation to you and the members of the Government Operations Committee for granting us this opportunity to express our views on the donation program and H.R. 14451.

The surplus property donation program has contributed to the public health and educational needs of the American people since its inception in 1949.

During this period, through dedication and hard work, with the cooperation of the State agencies, a program serving the needs of the people has been developed and is working well.

Through this program, Federal surplus properties are used for vital purposes which result in tremendous savings to the participating health, education and civil defense organizations.

Since 1946, surplus personal property having an acquisition cost of $8.1 billion has been made available for public health, educational, and civil defense purposes.

Approximately 11 percent has been utilized for public health, 77.4 percent for education, and 11.6 percent for civil defense.

This benefit to public health, education, and civil defense will continue under the proposed legislation if priorities established by individual State agencies are comparable to those which have been in effect.

Mr. Chairman, I have two statistical reports titled (1) Personal Property Made Available for Distribution to Public Health and Educational Institutions and Civil Defense Organizations by State, 1946 through June 1975, and (2) Personal Property Allocated for Public Health, Education, and Civil Defense Purposes by Year, 1946 through June 30, 1975, attached to my statement as exhibits (A) and (B) which I request be inserted into the record.

Senator NUNN. They will be inserted in the record without objection.

[The documents follow:]

EXHIBIT A.—DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Personal property made available for distribution to public health, and educational institutions and civil defense organizations by State, 1946 through June 30, 1975

[Acquisition cost]

States:	*Personal property*
Alabama	$275,575,127
Alaska	31,965,790
Arizona	81,379,517
Arkansas	94,927,778
California	907,831,568
Colorado	158,179,405
Connecticut	126,060,288
Delaware	20,130,192
Florida	359,254,289
Georgia	263,855,122
Hawaii	32,927,876
Idaho	46,098,376
Illinois	234,948,189
Indiana	145,579,313
Iowa	71,357,981
Kansas	81,121,276
Kentucky	155,501,646
Louisiana	129,837,758
Maine	59,785,444
Maryland	157,524,306
Massachusetts	296,039,819
Michigan	224,913,784
Minnesota	128,123,780
Mississippi	192,478,495
Missouri	126,492,834
Montana	31,875,023
Nebraska	53,641,109
Nevada	32,934,376
New Hampshire	35,118,211
New Jersey	147,352,311
New Mexico	76,639,784
New York	440,966,241
North Carolina	230,141,917
North Dakota	24,507,858
Ohio	232,326,827
Oklahoma	183,379,518
Oregon	99,665,493
Pennsylvania	368,512,521
Rhode Island	38,928,046
South Carolina	143,122,761
South Dakota	32,291,588
Tennessee	209,004,628
Texas	394,321,427
Utah	171,573,092
Vermont	33,361,607
Virginia	204,741,306
Washington	174,294,280
West Virginia	83,601,763
Wisconsin	192,761,642
Wyoming	28,332,304
District of Columbia	31,857,385
Puerto Rico	40,776,307
Virgin Islands	892,481
Guam	----------
American Samoa	500
Total	8,138,812,939

EXHIBIT B

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

ERSONAL PROPERTY ALLOCATED FOR PUBLIC HEALTH, EDUCATION, AND CIVIL DEFENSE PURPOSES BY YEAR 1946 THROUGH JUNE 30, 1975 (ACQUISITION COST)

Fiscal year	Personal property allocated			
	Total	Health	Educational	Civil defense
October 1946 through June 1948	258, 306, 328	28, 413, 696	229, 892, 632	
1949	85, 598, 480	9, 415, 833	76, 182, 647	
1950	110, 306, 652	12, 133, 732	98, 172, 920	
1951	50, 361, 189	5, 539, 731	44, 821, 458	
1952	42, 110, 501	4, 632, 155	37, 478, 346	
1953	63, 117, 195	6, 942, 891	56, 174, 304	
1954	107, 042, 941	11, 774, 724	95, 268, 217	
1955	132, 174, 258	14, 539, 168	117, 635, 090	
1956	204, 497, 417	22, 494, 716	182, 002, 701	
1957	234, 862, 274	25, 834, 850	209, 027, 424	
1958	302, 458, 448	33, 270, 429	236, 142, 793	33, 045, 226
1959	363, 329, 562	39, 966, 252	275, 403, 808	47, 959, 502
1960	400, 660, 692	44, 072, 676	308, 108, 072	48, 479, 944
1961	376, 183, 035	41, 380, 134	275, 742, 165	59, 060, 736
1962	380, 172, 407	41, 818, 965	294, 633, 615	43, 719, 827
1963	366, 129, 509	40, 274, 246	297, 663, 291	28, 191, 972
1964	418, 106, 102	45, 991, 671	332, 394, 351	39, 720, 080
1965	433, 718, 687	47, 709, 056	342, 204, 044	43, 805, 587
1966	464, 148, 817	51, 056, 370	360, 643, 631	52, 448, 816
1967	304, 581, 186	33, 503, 930	240, 923, 719	30, 153, 537
1968	309, 774, 492	34, 075, 194	238, 526, 359	37, 172, 939
1969	342, 002, 261	37, 620, 249	262, 315, 734	42, 066, 278
1970	370, 436, 772	40, 748, 045	285, 236, 314	44, 452, 413
1971	386, 238, 574	42, 486, 243	293, 541, 316	50, 211, 015
1972	405, 141, 963	44, 565, 616	299, 805, 053	60, 771, 294
1973	397, 698, 867	43, 746, 875	276, 003, 014	77, 948, 978
1974	414, 808, 339	45, 628, 917	255, 936, 745	113, 242, 677
1975	415, 437, 741	45, 698, 151	276, 681, 536	93, 058, 054
Total	8, 139, 404, 689	895, 334, 515	6, 298, 561, 299	945, 508, 875

Note: Since the inception of the Federal surplus personal property program in 1946, allocation of property for health purposes has averaged approximately 11 percent and allocation of property for educational purposes has averaged approximately 77.4 percent. Civil defense has averaged approximately 13.8 percent since becoming eligible in fiscal year 1958.

Mr. FREMOUW. We concur in section 6 of the proposed bill, which would repeal section 514 of the Public Works and Economic Development Act of 1965.

This repeal will cause more property to be classified as surplus and will therefore permit more equitable distribution through the State agencies which were established for the specific purpose of distributing property not needed by the Federal Government.

The administration's position is to transfer the program from the Department to the Administrator of General Services.

The Administrator shall, after consultation with State agencies, provide a system of distribution under which a State agency may select such property on an equitable basis for transfer to the State agency for distribution within the State to (A) any public agency for use in carrying out or promoting for the residents of a given political area one or more public purposes, such as conservation, economic development, education, parks and recreation, public health, and public safety; or (B) to nonprofit educational or public health institutions or organizations which are exempt from taxation under section 501 of the Internal Revenue Code of 1954, for purposes of education or public health (including research for any such purpose).

The Department of Health, Education, and Welfare agrees that the program should be opened up and has no objection to streamlining the organizational arrangements within the executive branch.

However, we hope that States, in developing their plans under this new legislation, will consider giving education and health organizations the right of first refusal.

We feel that this opportunity should be provided in support of these critical areas of national concerns.

Mr. Chairman, this concludes our statement. We wish again to thank the committee for permitting us to appear.

If there are any questions which the members wish to ask, we will be pleased to try and answer them.

Senator NUNN. Let me thank Mr. Patterson. I believe, Mr. Patterson, who has been very helpful to our staff, both here and elsewhere, and in some work they were doing along this line in the Atlanta region.

We appreciate that cooperation very much, Mr. Patterson.

You have been very helpful to this committee.

Mr. PATTERSON. Thank you.

Senator NUNN. Does HEW acquire excess property for its grantees?

Mr. FREMOUW. Not at this time. It was stopped in 1973.

Senator NUNN. Why was it terminated?

Mr. FREMOUW. There was concern in the Department it was getting out of hand in many places, the uses of the equipment, and the apparent abuses that GAO picked up of excess property being applied to grantee, that they obtained property far in excess of their requirements so it was stopped by the Secretary in 1973.

Senator NUNN. I notice in your statement at the end, you said HEW in your opinion should be given priority by the States.

Do you believe that priority should be written in the law or in regulations in any way by the Federal Government?

Mr. FREMOUW. This is a controversial issue. We have been concerned that areas such as health education and civil defense depend on surplus property for resources to accomplish their mission.

In the absence of receiving this property it could have an impact upon their dollar requirements in the budget process.

Senator NUNN. Mr. Fremouw, has your statement been cleared with OMB?

Mr. FREMOUW. Yes, sir, it has.

Senator NUNN. Were there any deletions from that statement?

Mr. FREMOUW. Not to my knowledge, sir, not in substance.

Senator NUNN. Would you know if there were deletions?

Mr. FREMOUW. Well, let me say, I was out of town when this came up. We were not informed of this hearing until very late last week, and we have essentially utilized the testimony that was given before the House committee.

Senator NUNN. Mr. Patterson, do you know the answer to that? Was there anything in this testimony deleted by OMB, either on the House or on the Senate side?

Mr. PATTERSON. Yes, sir, there were some items eliminated.

Senator NUNN. Do you have those with you this morning?

Mr. PATTERSON. No, sir, I do not have them.

Senator NUNN. Would you please provide this committee with a copy of the original draft submitted to OMB for clearance?

Mr. PATTERSON. We will be glad to provide them.

[The information requested was not supplied.]

Senator NUNN. What about any additions that were made to your statement?

Mr. PATTERSON. I do not believe there were any.

Senator NUNN. If you find there were, we would appreciate your furnishing us with the deletions and additions.

We want to know your opinion. We know OMB's opinion, and we want your opinion.

Mr. FREMOUW. I believe I can summarize it in stating we felt the Department of HEW and Civil Defense activities should be given first refusal, before the property was made available to other activities.

Senator METCALF. First refusal for excess property?

Mr. FREMOUW. No sir, for surplus property.

Senator NUNN. You think this should be written in as a priority at the Federal level?

Mr. FREMOUW. Let me say it was our parochial opinion from HEW's viewpoint, but in looking at it from the broad standpoint of OMB, since they must look at it from nationwide application and from revenue sharing, we would naturally bow to OMB's decision on this, in looking at it from the broad concept, and not the HEW narrow concept.

Senator METCALF. I have no questions, Mr. Chairman.

I merely wanted to comment that I have been concerned with this program, even before I came to Congress, and observed the contributions that were made to the school system in my own State. For a long time, before we had substantial Federal aid to education programs, this was the chief Federal aid to education program that we had. So naturally, when we created the Department of HEW, it was naturally channeled into that Department.

I want to compliment that Department for an outstanding job that you have done in providing the distribution, and I think substantially equitable distribution of this surplus property.

Nevertheless, from time to time, as we all know, the Congress has made changes, and there have been changes made in regulations downtown, and it seems to me the time has come perhaps to centralize the distribution of this, and take it in the larger and broader program, a largely HEW program.

In my State, the whole distribution, the whole acquisition and distribution of Federal property is under the supervision of our State superintendent of public instruction, and if this bill passes, I do not think that major policy will change.

Certain State provisions will have to change, but I am sure as in my State, and many other States, the same sort of priority will be established. So I want to compliment the Department of HEW for its contribution to education, as a result of this program. There certainly is not anything derogatory in trying to centralize the authority.

Mr. FREMOUW. Thank you.

Senator NUNN. Thank you, Mr. Fremouw, for being here with us this morning, and for your testimony, and again, Mr. Patterson, I thank you for being here, and we certainly do appreciate all of the help you have given the staff.

You have been most helpful, and we appreciate your contribution.

Mr. PATTERSON. Thank you.

Senator NUNN. We will have two witnesses appearing together, representing the National Association of Development Organizations, from Arkansas, Mr. Donald R. Rainey, president, and then we have the Association of Southcentral Oklahoma Governments, Mr. Homer G. Snodgrass, Jr., executive director.

We are glad to have you, Mr. Rainey. We are delighted to have you, Mr. Snodgrass. If you have any other associates with you, we would be delighted to have you introduce them before you start.

TESTIMONY OF DONALD R. RANEY, PRESIDENT, THE NATIONAL ASSOCIATION OF DEVELOPMENT ORGANIZATIONS

Mr. RANEY. Thank you, Mr. Chairman.

We have Mr. Snodgrass, the executive director of the Association of Southcentral Oklahoma Governments, and also Mr. Siebert, who is behind us, who has been involved in excess property programs with the Federal Government.

Senator NUNN. Thank you. We are happy to have you.

Mr. Siebert, if you would like to come up, we have plenty of room.

Mr. RANEY. These are our statements. We apologize for being late with them, but we had to travel on Sunday to get ourselves here.

Senator NUNN. I appreciate very much the difficulty of getting here and testifying in Washington.

Mr. RANEY. We are not in total opposition to this bill. We would ask the Senate Government Operations Committee that you give more detailed study to this bill, and we would try to point out to you today that there are things in the bill we feel are unfair.

I think we would like you to check back on local government, and you will find local government did not have an opportunity to have input into this bill, and, again, we are pressed for time, and so we had, we would ask you to give careful consideration to postponing this until the next session of the Congress, and come out into the field and hold hearings, to see what is happening with the excess property, as far as the amount of excess property that we have gotten, through the Economic Development Administration, and that has been given to our entities of government, to the Ozark Regional Commission.

After all, you are talking about over $4 billion worth of excess property each year, being generated, and with less than 4 percent of this property coming to our entities of government, through our title V's, and our economic development administration.

You have heard testimony to the fact there is no way of knowing how efficient our State surplus property people can be in this program, and again, I think hearings by your committee out in the field would establish how effective they can be.

I am sure you are very well aware of the State governments, with positions such as in the Federal Government must be earmarked by the legislature, and appropriations must be made to pay for those salaries, so with this additional program, this would mean it would probably be 2 years before States could gear up for this particular program.

Now, we firmly believe that this section 514 of the regional excess property program should be left in, I mean, this was the Senate Public Works Committee that sponsored this section that went into the Economic Development Act of 1965, as amended, and they did it, because they knew that there was an additional way that 234 cities and governments within our distressed areas could obtain excess property, or that it was another way of obtaining Federal funds to do economic development, and we in the Ozark Commission have adhered to that policy, and I think all other regional commissions, that we have to justify this property, that it will be used for economic development, before we are in a position to obtain this, and this has been very much required.

In addition to that, the Ozark Regional Commission requires a sign on each piece of Federal property, saying that this belongs to the Ozark Regional Commission, so throughout our district, our 9 counties, and our 45 cities, we have signs on this equipment.

We do not believe that this section 514 is in conflict with State educational programs, and they can continue to get the property they need, because they are not in the road-building business, and they are not in the economic development type of equipment, so, therefore, any equipment that title V commissions, or EDA, and excess property would not affect them.

We do not believe we will be in conflict with the States' surplus property code. It will be less than 4 percent, if the rate continues as we have.

Our cities and our counties, in Arkansas, and I think you will find this throughout the United States, are as far as receiving property through your surplus property programs, and there are plenty of surplus property, because I can offer you here catalogs by the hundred.

These are catalogs that the State's surplus property people have, or have not looked at surplus property, and have said they have no particular use for that, so there is plenty of property for the State surplus property people in Arkansas.

In Arkansas, we have 21 employees, and as I say, they are not serving 4,000 odd cities effectively, or the 75 counties effectively, where through the Ozark Regional Commission, and in the communities, we have been able to serve those particular people.

So we ask that the section 514 not be taken out of this bill.

It will not amount to that much, and it will be a plus for our entities in government, who live in high unemployment areas, and with a low tax base.

This bill gives special treatment to some Federal agencies, where they can receive excess property, and assign it to their grantees without costing them any money.

In our particular case, the Economic Development Administration would have to pay 25 percent of their funds for the excess equipment.

Let us take a bulldozer, for instance, of which I have a record here, $50,000, so that means, it does not mean when it was bought many years ago, 15 or 20 years ago, that means its worth now, and it comes to $12,500 that EDA would have to pay before it could assign it out to one of our counties.

You can buy a new bulldozer for around $38,000, but our entities of government do not even have the $12,500, so if this bill will continue to go through, we say put everybody equal, do not let some Federal agencies assign their excess property to their grantees, and not all, and that is the other unfairness we see in this bill.

We take note of the fine gentlemen that have appeared on this, they have a tremendous problem in handling all of this, but also the people that have the Federal funds that are distributed out to the cities and towns and counties have a tremendous problem, and you have to treat them all alike.

We have been inventoried many times already on our Federal excess property program, and, yes, there is always discrepancies, as there are discrepancies in other places.

One of the things I think make this program so good, is that this gives 140 economic development districts with 40 more districts coming on the line, with an opportunity to work with the regional commissions, which now covers 33 States, and will cover more in the very near future.

It gives them an opportunity to provide a service they very badly need, and we are talking about entities of government that does not have a paid mailer, or a paid city clerk, they are out there on their own, and so we feel that this section should be left in, but again, in closing, I say that we would hope that your committee would see fit to postpone this, and hold hearings next spring out in the field.

Thank you, sir.

Senator NUNN. Thank you very much, Mr. Raney.

Just a couple of questions. On the 25-percent payment, as I understand it, that would be for excess property, if your agency made that property available to you, is that correct?

Mr. RANEY. Yes, sir.

Senator NUNN. But on the other hand, if nobody purchased it on the 25-percent basis, or if no Federal agency claimed that property, and it went to the State agency, then you would have another shot at it for free, would you not?

Mr. RANEY. That will depend on the State governments, and again, where will the State governments place the priority, will they place it with education, will they place it with organizations, or will they place it with entities of government as cities and counties, which need this excess property, which is good property, to build roads that school buses run on.

Senator NUNN. I am trying to get to the practical level.

Let us take the bulldozer example you gave, and let us assume you did not have $12,500 to buy bulldozing equipment, let us assume nobody else claimed it at the excess level, and it went to the surplus level, and the State of Oklahoma, it was made available to the State of Oklahoma, what competing purposes within the State do you envision would try to compete with you for that bulldozer on a free basis?

Education would not need a bulldozer, would you?

Mr. RANEY. Mr. Snodgrass is from Oklahoma.

Mr. SNODGRASS. It is kind of like the State basically taking the cream of the crop, and the experience we have had, and this is throughout the State of Oklahoma, that by and large, the surplus property program, we are talking about a program that has been in business for

some 20-odd years, the local and city and county levels, they have received virtually no usable equipment at those levels of government over the past 25 years, so basically, your State agencies, your park departments, your highway departments take it over.

Senator NUNN. Mr. Snodgrass, do you want to make a statement this morning?

I have got your letter here.

Would you like to go over that?

TESTIMONY OF HOMER G. SNODGRASS, JR., EXECUTIVE DIRECTOR, ASSOCIATION OF SOUTH CENTRAL OKLAHOMA GOVERNMENTS, DUNCAN, OKLA.

Mr. SNODGRASS. Very briefly, I would like to talk about the program that at the end you get very little, and that is where the State surplus property agencies have been in business for many years.

Through the program that has operated in the past, by the State agencies, amounts of usable property that has filtered down to the local government level, and I call that the problem solving level, has been very little in quantity or quality.

Now, through the excess property program, we have been able to orient that toward the solving of problems at the local level, the requirements of the EPA, for example, for the disposal of solid wastes.

The small towns have a limited tax base, limited tax resources in which they can solve the problem of a sanitary landfill, as, for instance, there is no way they can buy $30,000 or $40,000 piece of equipment to do that job, yet they have the desire to do the job.

We have been able through the excess property program, the title V Commissions in EDA to locate these kind of properties, helped to pick it up, take it home and use it for the benefit, if you will of the community, and we run the gambit of these things through health, through fire protection, rural fire protection systems, et cetera.

Another point that I would like to make is that under the new bill, the role of local government really is not spelled out.

All it says is that they will have entitlement, and entitlement, as you well know is a large word.

Another point, the way the local folks look at this thing, is that this is equipment that has already been paid for by the taxpayers' dollars, and they see the return of this excess property, as a part of the return on investment that they have paid from the dollars given to the total governmental system.

I think if you go back to the wisdom of the Congress in several other instances, the Congress decided in terms of general revenue sharing, that those moneys would flow directly to the local units of Government, county, cities and towns, and the Congress in its wisdom decided there were certain areas in the United States that were more destitute than other areas, that is why you have title V areas, and EDA districts.

We would hope, again reiterating Mr. Raney's remarks here, that this committee would look into this thing in a little bit more depth, in the field, and see what the reaction of local elected officials are to this type of change.

We are talking about miniscule amounts in terms of the total dollar value of the excess property program.

One county commissioner said to me, and I quote, "well, if it is working why do we want to change it," and I think that was a fine point.

Senator NUNN. What about those counties that are not included?

I have got friends on both sides of this question. We have a lot of towns in Georgia that are included, and we have an awful lot of them that are not included.

How do you answer to that county?

Mr. SNODGRASS. They have been included under the State surplus property program since the inception of the property program.

Now, if they are unhappy with the State surplus property program, I think that is the answer to your question.

Senator NUNN. Of course, you get a crack at it before it ever becomes surplus property, and they do not.

What they are saying is that they get only what is left over, after you have already gotten all you want. I can see both sides of the argument.

How do you answer that question?

Mr. SNODGRASS. I can see both sides of the argument too, but up until about 1974, that was not the case.

None of them got it, so there has been a change, and what has caused the change is husksters like myself, when I got into business of trying to hustle this property for the benefit of local government, and we charge no fees, no nothing, it is strictly a freebee program as far as our effort is concerned, because it is a service of government.

Senator NUNN. Is there any way we can get local governments involved more in this bill? Do you have any kind of an alternative mechanism whereby we can get them involved at the State level, and yet treat all governments alike?

Mr. SNODGRASS. I would think so, yes, sir.

Senator NUNN. Perhaps you could think about that question. I would like to see local governments involved. On the other hand, it is difficult to justify certain segments being given priority over others.

Mr. SNODGRASS. Mr. Chairman, unless the Senate in its wisdom chooses to write something like that into the law, it will not happen.

Sennator NUNN. I would like to get your suggestions, perhaps not this morning, but if you could think about it, and let the staff know of some alternate mechanism by which we could get local government more involved, perhaps at the State level.

Mr. SNODGRASS. May I comment on the business about the property, in terms of their being used or not utilized, as the case may be, in our area of the country, we do serve the colleges and universities, and by and large, as the point was made earlier, many of these additional inistitutions do not use the same kinds of properties we are talking about.

We are talking about rolling stock, building materials, et cetera, but you get into universities, you are talking about office machinery, computers, things of that nature, which are in great use within those institutions.

The competition there is not nearly as great as it would appear on the surface.

Senator NUNN. Well, thank you very much.

Senator Metcalf, do you have any questions?

Senator METCALF. No questions. Thank you for coming.

Mr. RANEY. Mr. Chairman, we thank you, and again, we would like to say to you, I would like to see your committee and your staff come to Arkansas and talk with the county judges, associations, and talk with the municipal league.

I believe you have a letter from our Governor, a telegram supporting my position in this, that we need time to really give you a plan of what will best help the cities and counties, and that is the thrust of our program.

Senator NUNN. Thank you very much.

I might add I have a substantial number of people in my State that have a position identical to your position this morning, so we are trying to come up with something that is equitable, and it is not very easy to find the perfect legislation.

I do have an open mind. I appreciate your appearance here this morning. It has been very helpful.

Do any of you gentleman have a statement?

TESTIMONY OF ORLIE J. BOEHLER, ARDMORE AIRPARK, OKLA., REPRESENTING THE 11 SUBSTATE PLANNING AND DEVELOPMENT REGIONS, STATE OF OKLAHOMA

Mr. BOEHLER. Mr. Chairman, I have submitted a prepared statement, however, I would like to reiterate, and just back up, the same thing that these gentlemen said, one more time, and I would like the committee to remember, up until 1974, cities and counties, they are the lowest form of government in this country, and they were not in the surplus property business, they could not get it.

The only way they could get it was through civil defense.

If any of you gentlemen have ever seen what the cities and counties and rural areas have gotten under Civil Defense, you would not believe it.

Senator NUNN. What do you mean by that?

Mr. BOEHLER. It is so bad.

Senator NUNN. Not much?

Mr. BOEHLER. That is right.

No county commissioner in the State of Oklahoma was utilizing surplus property, because it was the general opinion of the total group of county commissioners as a body it was to deal with junk.

It was worthless to get it in Oklahoma City from the State, and the gas it took to get it cost more.

It was absolutely junk. Now, since 1974, with the regional commissions being involved, and with the EDA being involved, in my district alone, since August of last year, there has been developed over $6 million worth of rolling stock capital equipment.

Senator NUNN. You mean by that the original value?

Mr. BOEHLER. The original value, sir, and that is R–1 condition, so is R–2, so is R–3, we take it all.

We will take it all, so we can at least get our R–3's to cannibalize, to make the R–2's run, and hopefully the R–1's are good to run a year or two, but I would like to point out, since 1970, the inflation rate has

gone up so much for local government, and in the meantime, you consider revenue sharing, the money that you have given cities and counties for revenue sharing put them about where they were in 1970, based on today's dollar.

Now, if they cannot put money into capital equipment, and they have a heck of a time putting it into capital improvement programs, and they can barely manage to give essential services which cost more, and if you cut them out of this system now, you are goin to put them in a very bad position financially.

I can speak for all of it, what I would call the 69 rural counties in Oklahoma.

Now, that is something to be considered, we are not against streamlining the system, but we are definitely making the cities and counties, going back to prior to 1974, and, if you will, bureaucratizing the State surplus property system even more so than it has been, and thereby creating another level, whereby local government must go to get any kind of equipment.

I know what will happen in southern Oklahoma, the more redtape, and the more administrative problems they run into, they will back off.

They do not want to mess with it. They do not have the time nor the money.

You say it is unfair to some. Yes, it is. I would suggest you put a strong priority into the bill, relating to local government, particularly cities and counties, because of the position they find themselves in.

Let this property take up some of the load, because it really is.

You know, for the first time in southern Oklahoma, we know have some firefighting equipment, and it is not much, but at least they have a fire pump and it goes all the way down to some basic items, and a tractor to cut grass, and it is something to consider, and it is something I would like to turn this committee to recommend to the Senate to add to the bill.

Senator NUNN. Thank you very much.

As we proceed in this, if we are going to pass legislation this year, it will have to be done very rapidly.

I am not certain what Senator Ribicoff and this committee will decide or when we will have a markup on this bill, but I would advise each of you that we would welcome your continuing opinions, and if you have any additional information or opinions or suggestions, or particular legislation, or amendments you would like to see, we would be glad to have your input.

Thank you very much.

[The prepared statements of Mr. Raney, Mr. Snodgrass, and Mr. Boehler follow:]

PREPARED STATEMENT OF DONALD R. RANEY, PRESIDENT, NATIONAL ASSOCIATION OF DEVELOPMENT ORGANIZATIONS; EXECUTIVE DIRECTOR, NORTHWEST ARKANSAS ECONOMIC DEVELOPMENT DISTRICT, HARRISON, ARK.; HOMER G. SNODGRASS, CHAIRMAN, "NADO" EXCESS PROPERTY COMMITTEE; EXECUTIVE DIRECTOR, ASSOCIATION OF SOUTH CENTRAL OKLAHOMA GOVERNMENTS, DUNCAN, OKLA.

Mr. Chairman: We are pleased to appear before this committee to comment on the H.R. 14451—a bill to permit the donation of federal surplus personal property to the states and local organizations for public purposes, and for other purposes.

This bill will repeal section 514, The Regional Excess Property Program of the Public Works and Economic Development Act of 1965, as amended. This section 514 is not a surplus program or a giveaway program, but a program to allow each regional commission to loan or vest title of excess property for the purpose of economic development to states or political subdivision and some other tax-supported organization.

We are not here today to advise you to vote against this bill—we ask only that you do not pass this bill without holding hearings in the field. We believe that this regional excess property program is as important as the Federal dollars that flow through the title V commissions. By coming out in the field where the action is—You can see first-hand.

This regional excess property program operated by the cities and counties within our districts and within the Ozarks Regional Commission is for economic development—this means bulldozers, scrapers, cranes, road graders, trucks, steel to build bridges, drainage tile, etc. this equipment is used to build county roads and city streets which serve our industries, our school bus routes, and provides safe roads to travel on. Our state-owned vocational schools are recipients of this excess property—excellent equipment on which to train our young people so that they can earn a decent living. Each piece of equipment that is secured through our title V commission is required to have a written justification as to how it will assist in the economic development of the area (example attached).

The title V excess property program is not in competition with the state surplus property program which provides equipment for our educational institutions. They have no need for road building equipment. Our counties and cities have the responsibility to build roads for the school buses to run on.

This title V excess property program is for the first time providing good workable equipment for the cities and counties. The state surplus program spends most of their time acquiring equipment for the state and educational institutions. They cannot keep up with this program, much less serve cities and counties.

This title V excess property program is not taking all the equipment away from the state surplus property program. A state, such as Arkansas with 21 employees in their surplus property program, cannot satisfy the needs of their own departments, schools, higher education 75 counties and over 400 cities. Evidence of this is sale No. 31–6708 conducted by Memphis, Tennessee, Defense property disposal region, all of the tires, sedans, trucks, pickups, fork lifts, and other equipment for sale in this sealed bid offering was first offered to the state surplus property program. (booklet attached)

Form RC-1A (Rev. 1-76)
Agreement No.

06-17-0-918-76

TRANSFER OF TITLE
EXCESS PERSONAL PROPERTY

1. Order No.

2. Date

3. The Federal Cochairman of the Ozarks Regional Commission, as authorized by Section 514 of the Public Works and Economic Development Act of 1965, as amended, hereby conveys title to the following items of U. S. Government property, acquired from Government excess property sources to Washington County, Courthouse, Fayetteville, AR 72701

4. Total Number of Items: 1 ea. 5. Total Acquisition: $50,660.00

6. PROPERTY TRANSFERRED

GSA & Holding Agency Nos. (a)	Item No. (b)	Description (c)	Unit (d)	Quantity (e)	Acquisition Cost Unit (f)	Acquisition Cost Total (g)
SY2184-6037 L005		2410-00-990-3708 Tractor, Crawler Full Tracked (with Scrapper) Cond: R-3	ea.	1	50,660.00	50,660.00

7. Economic Development Purpose: Tractor will be used to pull a scraper and also as a build in the construction and maintenance of county roads in Washington County. Good maintena and construction of county roads will improve travel within the county and this will in turn help improve the conomic development.

8. Acceptance: I acknowledge, as the authorized representative of the recipient, that I have received, read, and the recipient agrees to abide by the "Terms and Conditions for Transfer of Title, United States Government Personal Property".

Signature: X
Title: County Judge
Date: June 17, 1976

Designated Agent: NWAEDD, Inc.
Harrison, Arkansas 72601
Date: June 17, 1976

9. Approval: (Signature) Date:

Federal Cochairman (or Designee)

DEPARTMENT OF DEFENSE
DEFENSE SUPPLY AGENCY

SALE NO. 31-6708

BID OPENING:
28 JULY 1976 9:00 A.M.

SEALED BID

Offering...

TIRES
SEDANS
TRUCKS
PICKUPS
FORKLIFTS

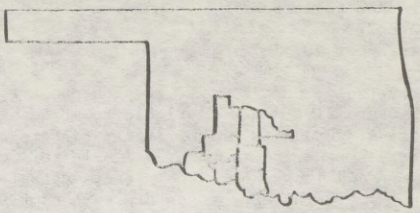
FOR SALE SITE & MAILING ADDRESS SEE PAGE 31

MEMPHIS DEFENSE PROPERTY DISPOSAL REGION

FOR FURTHER INFORMATION SEE INSIDE

ASSOCIATION
SOUTH
CENTRAL
OKLAHOMA
GOVERNMENTS

802 MAIN
DUNCAN, OKLAHOMA 73533
PHONE 405/252-0595



September 10, 1976

The Honorable Sam Nunn, Chairman
Government Operations Committee
The United States Senate
Washington, D. C. 20510

Re: HR 14451

Dear Senator Nunn:

- STATEMENT-

As a point of departure, it is necessary to differentiate between 'surplus' and 'excess' property. Excess property is that property no longer needed or required by a federal agency, i.e., DOD, DA, etc. This property remains 'excess' for fifteen days during which time it can be transferred to other federal agencies for utilization or it can be transferred to local governments and other eligible agencies through such programs as EDA and the Title V Commissions. It is only after "excess" property remains unclaimed by another federal agency for fifteen days that it is declared "surplus" to the needs of the federal agencies or their eligible recipients and released to the state surplus property offices.

This bill if passed will reduce or eliminate "excess" users and cause more property to be classified as "surplus" and turned over to state surplus agencies. The current program is definitely affecting these agencies since good "excess" property is distributed through the federal agencies, including EDA and the Title V Commissions, to deserving recipient entities. In effect, this constitutes a further stretching of the taxpayer dollar for the property is again utilized in supporting the delivery of services to the people at local level.

Currently, under the present program wherein these excess federal properties are transferred to local governments and other eligible recipients through EDA and the Regional Commissions, the cost to local government is minimal. In most instances, it entails the cost of handling from point of origin to point of utilization and such repairs as are necessary to make it usable. This is accomplished by local governments utilizing their own transportation and rehabilitation capabilities.

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Conversely, once a state surplus property agency obtains such properties they are first made available to state agencies and state sponsored activities. Property which finally filters through the state surplus property system and is made available to local governments is mostly leftovers and junk. For local governments to obtain these properties, they must pay. These expenses are on top of transportation and repair costs. In addition, items are collected and transported to a central holding location--which in some instances is greater distance for recipients than pickup at installations would be. This results in duplication of effort in that materials must be transported (moved) twice instead of from the point of acquisition to point of utilization.

Local units of government should not be required to pay fees or "administrative" charges to acquire sorely needed items of supply or equipment which have already been paid for by tax dollars, generated at the people level. In many instances, small communities cannot generate revenues to pay state surplus agencies for property or equipment. When fees are involved, small municipalities have little opportunity to obtain property in competition with a state agency. Although we do not have specifics as to the fees required by other states, it should be apparent that any costs applied, however, are greater than those incurred under current programs operated through the Title V Commissions or EDA. In brief, local government officials view this program as a truly helping hand that results in a savings to the taxpayer while at the same time it provides them with sorely needed items of equipment which they don't have the money to buy.

Under the current system, we have locally based people working for and in behalf of local governments at the grass roots level. The flow of excess property to local units of government under the sponsorship of the Title V Regional Commission and EDA has been a godsend to hard pressed localities. All of the verbiage about the great improvements in management and administration which "will" result from centralizing the activity at the state surplus property level calls to mind the wisdom of the Congress when it decided and acted to make certain that general revenue funds did in-fact go direct to local units of government; thus preventing interference or encroachment by a state agency.

By repeal of Section 514, it is not disputed that regions, communities, and institutions will have an opportunity for federal property, but the manner and quality of state management will in some cases preclude governments at the grass roots level from helping themselves through this program. Due to limited local revenues, many local entities will be unable to reimburse state programs for property even though sorely needed.

Property accountability and assistance can still be maintained. Reports of utilization can be maintained. Currently, Ozarks Regional Commission maintains records for reporting as required.

Some inequity will exist due to distance involved from sources of equipment and supplies. Close proximity to military bases has a great bearing on distribution. Transportation costs limit movement of equipment great distances to rural entities.

The fact that there is unequal distribution will never be solved. Where the military bases are is where the excess property is. Congress realized that some areas of the country were depressed and underdeveloped and established the Regional Commissions. This in itself provided an unequal distribution of funds to these areas to aid in changing these existing economic conditions. This program has provided great benefits to these areas designated by Congress as needing them and accomplishing those purposes for which the Regional Commissions were created.

The above statement represents the views of eight counties, sixty-five cities and towns, and nine conservation districts--252,000 people of Southwest Oklahoma.

Homer G. Snodgrass, Jr.
Executive Director

PREPARED STATEMENT OF ORLIE J. BOEHLER, ARDMORE, AIRPARK, OKLA., REPRESENTING THE ELEVEN SUB-STATE PLANNING AND DEVELOPMENT REGIONS, STATE OF OKLAHOMA AND THE SOUTHERN OKLAHOMA DEVELOPMENT ASSOCIATION

Mr. Chairman, my name is Orlie J. Boehler and I am Executive Director of the Southern Oklahoma Development Association, Ardmore Airpark, Oklahoma. I am here today representing the Board of Directors of the Southern Oklahoma Development Association as well as speaking in behalf of the other ten substate planning and development regions in Oklahoma.

The Southern Oklahoma Development Association is a council of governments and economic development district. Its board of directors is made up primarily of the elected local government officials in southern Oklahoma. The association represents ten county governments, thirty-five municipalities, ten soil and water conservation districts and the Chickasaw Indian Nation. The Southern Oklahoma Development Association not only serves as a planning and implementation body, acting in behalf of its membership, but also takes a strong advocate position for its membership in relating to programs which affect them either singly or regionally.

My primary purpose today is to indicate to you the concern that local governments in Oklahoma have regarding the excess federal property program. It has been said by many House members and their staff that H.R. 14451 will make the federal excess property program more orderly and will provide a new system of excess property and will result in more property for more eligible organizations in more states. Representative William J. Randall, Chairman of the Sub-committee on Government Activities and Transportation, has indicated that H.R. 14451 has several new provisions to assure that economic development programs and recipients at the local level will get full opportunity with respect to obtaining property.

If in fact H.R. 14451 makes for an efficient and uniform system for excess property and if it can be shown that local governments will not be taken out of the excess federal property program then we can support this bill and would urge our Senators to do so; however, the proposed legislation appears to give all excess federal property authority and responsibility to the several states and their existing excess property programs. It is this point that we wish clarified.

Prior to our cities and towns being eligible for excess federal property under the auspices of the Ozarks Regional Commission, the cities and towns in Oklahoma could receive federal excess property only through the state surplus property office. That property traditionally available to cities and towns could at best be classified as junk. Until eighteen months ago, cities and towns in Oklahoma did not participate in federal excess property because they could not receive property having any worthwhile and useful value. State agencies had completely picked over all federal excess property coming into the state leaving nothing of any worthwhile value for cities and towns.

When we in Oklahoma became eligible for excess federal property through the Ozarks Regional Commission, our cities and towns for the first time in some twenty years began receiving equitable and fair treatment under the present excess federal property system. The reason for this was that screeners could be hired who would work in behalf of local government and could compete with state property offices by screening property on various federal installations. This program gave cities and towns a direct chance in screening, freezing, and acquiring federal excess property in competition with state agencies.

If H.R. 14451 is passed and if it only solidifies the exclusiveness of state property offices in screening, handling, and delivering state excess federal property within the state and if no provision is made whereby cities and counties can have equality under the federal excess property system you will (in the opinion of my board of directors and the boards of directors of the other substate planning and development districts in Oklahoma), pass bad law.

If on the other hand, this bill establishes fairness and equality and makes certain that local government can have a free and unencumbered equitable position with state agencies in the acquiring of excess federal property then the bill will become at least a piece of fair legislation and establish, hopefully, an equitable law in this regard.

Gentlemen, financing for municipal and county governments grows more difficult and more burdensome. Inflation costs and service demands have eroded local government budgets to the point that they can only provide day to day essential services. Cities and towns have very little money left to develop new services

and much needed capital improvements programs. Because of their poor financial positions, local governments cannot purchase needed capital equipment. Oklahoma's local governments in the last eighteen months have been able to supplement their capital equipment needs because of a highly successful excess federal property program through the Ozarks Regional Commission.

Attached you will find a list of federal excess property that has been delivered within southern Oklahoma during the period of August 8, 1975 to September 10, 1976. The list identifies the local government recipient, that government's population, the elected official responsible for that equipment, and the new dollar amount of equipment received. The list also identifies hospitals, colleges and universities also having received federal excess property during that same time period.

Since August 8, 1975 to September 10, 1976, the new cost of equipment delivered is $6,831,466.68. From this list you can see that the program has been well received in southern Oklahoma.

Gentlemen, in conclusion I wish to re-state that if the intent of H.R. 14451 is to: (1) streamline the excess federal property system and to put local government at the mercy of state property offices and their employees; and (2) provide no method by which local governments can compete fairly for federal excess property then I urge you to either defeat the bill or amend it to provide that local government will be given fair and equitable treatment. Further I would urge that local governments needs and priorities be identified within the act as being a justifiable purpose for the use of federal excess property.

Local governments in Oklahoma want to make certain that the federal excess property program will be available to them for their capital equipment needs. They also wish the program to have a minimum of red tape and correspondent administrative difficulty.

FEDERAL EXCESS PROPERTY

August 18,1975 to September 10,1976

Recipient	Population	Mayor/Co. Comm./Ch. Board	Amt. Received
Atoka County:			
Atoka Co. Commissioners	10,972	Munroe Cochran, Chairman	$1,474,393.26
Atoka, City of	3,346	Leon McNeil, Mayor	44,204.00
Stringtown, City of	397	Jim Kellog, Mayor	23,000.00
Bryan County:			
County Commissioners	25,552	Paul Perry, Chairman	160,034.44
Bokchito, City of	607	Billy W. Smith, Mayor	25,334.37
Caddo, City of	886	C.C. Calhoun, President	8,272,35
Calera, City of	1,063	Guy Young, President	26,467.90
Durant, City of	11,118	Robert Davis, Mayor	243,598.94
Mead, City of		A.L. Ford, President	16,351.00
Carter County:			
County Commissioners	37,349	Huss Standifer, Chairman	35,133.00
Ardmore, City of	21,915	Ed Estes, Mayor	236,592.85
Healdton, City of	2,324	Royce Reser, Mayor	26,187.00
Coal County:			
County Commissioners	5,525	William Sandman, Chairman	54,882.00
Coalgate, City of	1,859	John Piazzi, Mayor	7,935.00
Garvin County:			
County Commissioners	24,874	Carl Mayfield, Chairman	106,553.41
Lindsay, City of	3,705	Terrell Stephens, Mayor	110,806.00
Pauls Valley, City of	5,769	C.E. Cotten, Mayor	195,071.92
Wynnewood, City of	2,374	Gene Johnson, Mayor	91,819.24
Johnston County:			
County Commissioners	7,870	Coy Easterling, Chairman	279.897.92
Mansville, City of	231	Elvin Bean, President	49,141.15
Tishomingo, City of	2,663	Vernon Hurst, Mayor	33,666.20
Wapanucka, City of	425	Jack Fields, President	23,129.00
Love County:			
County Commissioners	5,627	W.H. "Bill" Lyle, Chairman	182,465.95
Marietta, City of	2,013	Willis Choate, Mayor	17,234.00
Thackerville, City of	257	Luke Langston, President	11,986.00
Marshall County:			
County Commissioners	7,682	Wayne Williams, Chairman	46,376.46
Enos, Town of		Wayne Williams, Chairman	6,378.00
Kingston, City of	710	Montie Blakely, President	4,673.00
Madill, City of	2,875	Clinton Williams, Mayor	103,160.94
Murray County:			
County Commissioners	10,669	Jimmie Primorse, Chairman	328,194.94
Davis, City of	2,223	A.L. West, Mayor	171,249,70
Daugherty, City of	211	James Wiles, Mayor	8,273.00
Sulphur, City of	5,158	Mrs. Zelma DeLay, Mayor	7,193.00
Pontotoc County:			
County Commissioners	27,867	Lonnie Manuel, Chairman	68,554.42
Ada, City of	14,859	Homer Peay, Mayor	86,701.45
Allen, City of	974	Bob Plunk, President	20,425.00

Hospitals	Bed Capacity	Percentage of occupancy	Administrator	Amount Received
Bryan Memorial	80 beds	70%	Jerry Cole	87,378.93
Marshall Mem.	50 beds	44%	Curtis Pryor	12,009.00

Colleges/Universities	Population	President	Amount Received
Southeastern ST. Univ.	4,200	Dr. Leon Hibbs	1,872,277.41
Murray St. College	1,459	Dr. Clyde Kindell	392,931.68
East Central St. Univ	3,000	Dr. Stanley Wagner	131,532.85

GRAND TOTAL $ 6,831,466.68

Senator NUNN. Our next witness is Mr. Dino DeConcini, executive assistant to Gov. Raoul Castro of Arizona, State cochairman, Four Corners Regional Commission.

We also have Mr. Jack Hawke, Federal cochairman of the Coastal Plains Regional Commission.

I do not know whether Mr. Hawke has a statement, so why don't you go ahead, Mr. DeConcini.

TESTIMONY OF DINO DeCONCINI, EXECUTIVE ASSISTANT TO GOV. RAOUL CASTRO OF ARIZONA, STATE COCHAIRMAN, FOUR CORNERS REGIONAL COMMISSION

Mr. DECONCINI. Since we are at about 12 o'clock, and since my four page statement has been submitted for the record, with your permission, I would like to touch on a number of points, and perhaps address myself to some of the questions that have been raised in prior testimony.

Senator NUNN. I assure you, we will stay here until you get through with your statement, if you want to go ahead with it.

Mr. DECONCINI. Much of it has been covered, so I will try to limit myself to things that have not already been covered.

Senator NUNN. Thank you, sir.

Mr. DECONCINI. The position of Governor Castro speaking for the Four Corners Regional Commission, is there is basically no objection except section 6, which would abolish section 514, and you have heard the reasons for this.

I would like just to take one other example from Arizona, that I think will highlight even better the programs, in our Navajo Indian Nation, in the three States, they were able to use through the Four Corners Regional Commission excess property of 500 rail heads, which is the bottom of the rail cart, and these would have been sold for scrap metal, if no one else picked them up.

The acquisition is about $6,000 each, and if sold for scrap, they bring maybe 1 cent a pound.

They were given to the Navajo Tribe for the cost of transportation, and they were made into rural bridges, which permitted the Indian children in Arizona, and Spanish-American, and Mexican-American children to use these bridges to get to school, when the weather was good, and it improved all travel in these very remote regions of our Nation.

If you took this $6,000 cost, and added 25 percent of it, it would be $1,500. Those 500 bridges would have cost the Navajo Tribe $750,000, and there is no way they could get the improvement, but by going through the Four Corners Regional Commission, they were able to do that.

We think that is a very imaginative use of the excess property. Another example was missile carriers, that looked like giant cigar tubes. They were split in half, and made into water troughs and feed troughs for Indian cattle growers.

I do not know what the original cost was, and it was considerable, but it had no relationship to the final use.

I would like to address the essential question here of equity, Mr. Chairman. I think it was important that there be something in the record to justify the apparent inequities, and I appreciate the logical inequity of some counties participating and some not.

First, with respect to States, that had been done by legislation. Those States had to convince the Congress that they had sufficiently depressed areas to justify a title V Commission. It is not easily done.

The President is trying to do one on the border States, and it has taken them several years, and presumably if the State is one of the 33, it has given some reason to justify their favored treatment.

When you get to counties within a State, which is in the title V Commission, they can be added by recommendation of the title V commissioners to the Secretary of Commerce.

We just did that in Arizona, where we had the rural portions of urban counties, in the Tucson-Phoenix area, not the urban area, but the depressed rural areas, and they were claiming the same inequity, and we were able to cure that by administrative process.

I think the important thing to remember here is that as we are cutting out nationally of the depression, and in some rural depressed areas as portions of Arizona, then also in other Four Corner States, they lag 6 months to 1 year behind the national scene.

The end of the game really is economic, that is the name of the game, economic development, and job creation, and that is one of the most difficult things to accomplish, and with this program we have an effective tool.

The Governors and the Commissions try to foster economic development at a very low cost, in transportation, in the face of all odds, and I would like to urge you very strongly to consider if you decide to move on this bill this year, to consider postponing section 6 for a year, to give you time to do whatever is necessary, to consider alternatives and to consider holding hearings.

I think perhaps hearings would be beneficial. For example, the House hearings before the Subcommittee on Government Operations, September 30 and October 2 contained a lot of information that left the impression that a great deal of stock piling was going on.

Just within our own State, we were able to look at those figures, and find out that several hundred items were being stockpiled.

Well, 200 were coils of electric wire that had been completely used in the Navajo Nation to create new jobs that did not exist.

They were not stockpiled. They were held in storage for use. Another very small depressed city of Fountaine, Colo., wired 100 electric lights to better light the areas of their city, and they replaced them, as the old ones are used up, so it is not something that is done for stockpiling, or for bureaucracy, it is something directly related to economic development.

We think it is very valuable. We understand the pressures on you, because of these logical inequities, and we suggest maybe the best thing is just hold off on that section 6, and have a look at just that one part of it, and it may be that some of these things can be taken care of administratively with GSA regulations, and we in Arizona and the Four Corners Region pledge you our cooperation to work with GSA to establish some sort of regulations that make sense throughout the country.

Senator NUNN. Thank you very much, Mr. DeConcini.

Your full statement will be put in the record, without objection.

Could you explain to the committee, just how your Four Corners Regional Commission operates its excess property program under section 514?

Mr. DECONCINI. Yes, sir.

We have in the Four Corners region two screeners who operate regionwide, not restricted to just one State, and we visit and find what is available.

On the other side, we have our cities, counties, towns, Indian tribes putting in requests for excess property they need for economic development.

The person who screens those requests is Governor Castro's alternate, who is in the Governor's office.

His office is just down the hall from mine, and he, in effect, with the Governor's approval, sets the priorities and screens out things that are clearly needed, I should say not involved for economic development.

We used to be in the desk and typewriter business, and there was criticism, because it duplicated what the State surplus property did.

It was obvious, and we immediately got out of it, and we let our State surplus property take care of desks, typewriters, that go to schools and hospitals, and that may be marginally related to economic development, but what we have is a request coming in from one side, and these screeners are out looking at the other side, and they meet in the Governor's office, and he has direct control of the situation.

The Four Corners alternate approves those requests, that he feels are valid for economic development, and passes them onto the Four Corners Regional Office, where they are given to screeners, who then move out into the various States of the region, and try to allocate the property.

These screeners have a two-way going with our State surplus property officer, so the noneconomical development needs for surplus property are screened out, so there is a great benefit of these two screeners in this area.

When it has been located, then the Government entity involved pays the transportation, and that is when they are required to file within 6 months a statement with the Four Corners Regional Commission as to how that property was used, and we then conduct a field audit within 1 year to determine that use has occurred, so we do everything possible, and we try to make sure these items are being used properly.

Senator NUNN. How many screeners would you have in your regional regional commission?

Mr. DECONCINI. We have a policy at the commission to have no more than one per State.

At the present we have five States, Nevada has joined us, and we have only two screeners.

We make use of the entire GSA personnel, property experts, on a contract basis, and they know everybody, and everything that is going on, and that way, we are able to get out a tremendous amount of informal information passing, without having to staff up with permanent employees to go around and do this.

[The prepared statement of Mr. DeConcini follows:]

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PREPARED STATEMENT OF DINO DECONCINI, EXECUTIVE ASSISTANT TO HON. RAUL H. CASTRO, GOVERNOR OF ARIZONA AND STATE COCHAIRMAN, FOUR CORNERS REGIONAL COMMISSION

I am testifying on behalf of Governor Raul H. Castro of Arizona who is also State Cochairman of the Four Corners Regional Commission.

If Governor Castro were not out of the country, I am sure that he would want to be here himself to testify before your Committee. He considers the Four Corners Regional Commission's Excess Property Program one of the most helpful activities that the Federal government offers to the small communities and minority groups of our region of the nation.

The Program is efficiently operated with full participation by the Governor's offices. We set the priorities for distribution. We know where the property is going and why it is needed. Governor Castro has as much voice in the Commission's Program as in the State Surplus office. However, there is complete cooperation between our State Surplus Officer and the Four Corners Regional Commission. The Commission screeners act as added eyes and legs for our State Surplus Office. They locate property needed by the State Surplus Office—information flows both ways. We should also say that the Four Corners ceased acquisition of any furniture or office equipment for any recipient a year ago this month, September, 1975. That is now the State Surplus Office's exclusive baliwick.

While H.R. 14451 transfers the responsibility for the Program from HEW to GSA and somewhat broadens the scope of recipients, it repeals Section 514 of the Public Works and Economic Development Act of 1965.

The Commission believes that its Section 514 authority should be preserved because the Program results show excess government property collected on a regionwide basis to have successfully fostered economic development and to have been given to the Indian Tribes, vocational schools and inflation-pressed communities in the State who stand most in need of this assistance.

State surplus property offices, especially from smaller States with strong economic development needs, may operate at a competitive disadvantage with larger States which have more excess and surplus property at their disposal.

GSA figures show substantial excess and surplus property available in Arizona. Unfortunately, the biggest part is in aircraft mothballed at Davis-Monathan Air Base. The Federal establishments in Arizona do not generate much volume in the kinds of equipment needed by our citizens. We need to go to Utah and California, and sometimes, Texas. Many other States would be similarly penalized by the passage of H.R. 14451 with its present Section 6.

I should also say that the "acquisition cost" figures can be very misleading. The Commission has distributed more than 500 rail decks, the bottom and sides of rail cars which probably would have been sold for scrap metal. From them we are making very sturdy bridges to cross the many washes and canyons in our western country. The Federal acquisition cost is about $6000 each. When sold for scrap, they would have brought the Federal government ½ to 1 cent per pound, or $130.

Our Indian and other minority children use these bridges to get to school every day instead of just when the weather is good. Rural travel to the remote portions of our land is vastly improved.

We think this is an economical application of the Federal taxpayers' investment. This is imaginative use of excess property. The Commission files are replete with other unusual and imaginative utilization.

We wish that the House Committee had been able to review exhaustively the utilization of the property acquired by the Four Corners Commission.

We believe that a complete appraisal of the Four Corners Excess Property Program will demonstrate that the Commission does not stockpile equipment nor allows government property to be acquired without purpose. For example, on page 565 of the Hearings held by the Government Activities and Transportation subcommittee of the House Government Operations Committee on September 30 and October 2, 1975, to consider this legislation, the Four Corners Regional Commission is cited as having "not used" 175 property items and having only a "planned use" for an additional 491 items. To cite just two examples, 100 of the 175 nonuse items consist of street lights being converted individually from 270 to 220 watts as needed, and 200 of the 491 "planned use" items are coils of electric wires which have been totally used to provide the wiring system for the new particleboard plant of the Navajo Nation, helping to create substantial new jobs and income for a population group having unemployment above 50 percent.

I have asked the Commission staff to give Governor Castro a detailed report on the materiel questioned by the General Accounting Office during their field audit and he will submit this report to you as soon as it is prepared. The Commission stands ready and available to assist you in any way we can.

Senator NUNN. Mr. Hawke, where is most of the property, where does it go within the Coastal Plains Regional Commission? Have you got a breakdown, showing how much has gone to various States within that region?

Mr. HAWKE. Senator, I can give you that breakdown through the month of July

Senator NUNN. Will you give us your name?

Let us take your statement now if you have one.

TESTIMONY OF JACK HAWKE, FEDERAL COCHAIRMAN, COASTAL PLAINS REGIONAL COMMISSION

Mr. HAWKE. Mr. Chairman, I am Jack Hawke, Federal Cochairman of the Coastal Plains Regional Commission.

I am not here with a prepared statement to testify today, but I will be glad to answer that question or any other question.

Through July, we had $3,795,000 through the State of Georgia, $3,557,000 through the State of South Carolina, and $11,282,000 through the State of North Carolina.

Florida has just become active in the program and we put about $154,000 in the State of Florida.

The one reason the State of North Carolina has received more than the other States, we find that North Carolina's figure for excess property having been placed in the local county regions would be similar to that of Georgia and South Carolina, but North Carolina, through the Governor's office, decided to put emphasis on the technical college, community college system, and they have their own personal screener who has done the bulk of the work for that State.

Senator NUNN. Does that mean if a State allocates a screener under the present system, they will get a whole lot more than other States if they go after it?

Mr. HAWKE. I would analyze they had a screener as good as the one in the community college system in North Carolina; they would significantly increase the amount of goods they receive.

Senator NUNN. For what purpose is the main portion of the property that has been acquired, in your experience?

Mr. HAWKE. We try very carefully to follow the leads of Four Corners.

Four Corners has more experience, and we have tried to keep their program.

We look at the economic benefit, we look at programs involved as a commission.

One example comes to mind in Georgia. We had a rural dental health clinic project which requested, I believe, $40,000 of commission funds to become established.

We were able to find dental equipment and put it into that project which ultimately saved the commission funds, but also made a better project for rural Georgia.

We have put money in the past into airport development. We believe transportation is an important part of economic development.

We are right now working with Waycross, Ga., which has lost its airline services, in establishing some good equipment, to try to improve its transportation system there.

We, in Georgia, as an example—and I use that State since it is your home—have put equipment into our marine resources program area.

As a title V commission, we feel marine resources is a unique ability to attract economic development, so we have placed equipment in the marine resources program area. We also find, as did the other gentlemen who testified here this morning, that many of our local towns are in great need.

If we can find a bulldozer, a tractor, this is usually given direct to our smallest and poorest local community.

We were given authority in the legislation to deal with the health care area. Our Commission does not have funds at this point to directly set up programs in the health care area, so we put some emphasis in our excess property, and in local hospitals in our smallest and poorest communities, and so you find looking through a list of our excess property, there is quite a bit of equipment going into hospitals.

Senator NUNN. How many counties in Georgia are in the Coastal Plains region?

Mr. HAWKE. We have expanded so we now cover all of Georgia, except I believe it is the 14 counties in the Appalachian Regional Commission.

The rest of the State is in the Coastal Plains region.

Senator NUNN. Do you also acquire properties for the universities within your region?

Mr. HAWKE. We have primarily acquired property for the community college system technical schools.

There has been some property transfer to the University of Georgia, but primarily I believe it is in the marine resources development area.

Senator NUNN. Based on your statistics, could you tell us how much property has been used for education, or is this part of your emphasis on economic development?

Mr. HAWKE. It would be difficult for me to say.

I would say in the State of North Carolina, that probably 70 percent of the equipment that has been obtained through the excess property program has gone to technical type educational facilities.

Senator NUNN. When did you meet this expansion to include all of the other counties, most of the other counties of Georgia?

Mr. HAWKE. It was approved by Secretary Morton approximately 9 months ago.

Senator NUNN. The Coastal Plains Regional Commission, as originally set up, is based on economic need in a particular area, is it not?

Mr. HAWKE. Yes, as all title V commissions.

We had a unique background, unique, economic problem that went to the region.

Our region covered North Carolina, South Carolina, and Georgia, it had a capital income of $1,000 per person, which was below the national average.

Senator NUNN. I think the expansion has a lot of advantage. At the same time, you expect to take in the urban counties that do not have the same economic problems, so how do you make the case that the regional commissions should be given priority because of economic problems?

Mr. HAWKE. Well, I will differentiate between the regionwide longrange planning which we establish, the projects which we fund through our budget, which have a regionwide impact, and if you are looking at the regionwide impact, you have the responsibility to look at the whole region, the cities, the counties, the rural areas, and the populated areas.

I will draw the distinction between that and the excess property, and we have made the decision we would not place excess property in the metropolitan areas.

You will find no property has gone to Atlanta, you will find none has gone to Raleigh, N.C., but a lot of the property has gone through the counties, as very poor black counties in our State, and you will find a lot of property is going to Stewart County, Ga., but not to the large cities.

Senator NUNN. Not far from Plains, Ga., I might add.

Mr. HAWKE. That is true.

Senator NUNN. What you are doing is setting up within your surplus property, not surplus but excess property, you are setting up a criteria, which gives greater emphasis to those counties which are poorer, is that correct?

Mr. HAWKE. That is what we have done as the Coastal Plains Regional Commission, yes.

Senator NUNN. Senator Metcalf?

Senator METCALF. I have no questions.

Thank you for coming.

Senator NUNN. Thank you all for coming. We appreciate it very much.

As we work our way through this legislation, if you have any other views, we would be happy to have them.

We have one other witness, Mr. James J. Buckley, Deputy Assistant Commissioner for Real Property, Public Buildings Service, General Services Administration.

Please proceed, Mr. Buckley.

TESTIMONY OF JAMES J. BUCKLEY, DEPUTY ASSISTANT COMMISSIONER FOR REAL PROPERTY, PUBLIC BUILDINGS SERVICE, GENERAL SERVICES ADMINISTRATION

Mr. BUCKLEY. Thank you, Mr. Chairman, for the opportunity of expressing the views of GSA on H.R. 11347.

Mr. BUCKLEY. Mr. Chairman and members of the committee:

My name is James J. Buckley, and I am the Deputy Assistant Commissioner for Real Property of the General Services Administration's Public Buildings Service. On behalf of the Administrator of General Services, Jack Eckerd, I wish to thank you for the opportunity of expressing the views of the General Services Administration on H.R. 11347, a bill "To convey the interests of the United States in

certain lands in Salt Lake County, Utah, to Shriners' Hospitals for Crippled Children, a Colorado corporation."

H.R. 11347 directs the Administrator of General Services to convey, without consideration, all right, title, and interest remaining in the United States in and to a 0.048-acre portion of a tract of land conveyed to the Shriners' Hospitals for Crippled Children by deed dated July 12, 1946. The original tract of land, consisting of approximately 8 acres, was a portion of the Fort Douglas Military Reservation and the conveyance to the Shriners' Hospitals for Crippled Children was made by the Secretary of War pursuant to Public Law 324 dated March 14, 1946. Section 2 of that act provides for a reversionary interest in the United States in the event the grantee shall fail or cease to use the subject lands as a location for a hospital for crippled children, or shall alienate or attempt to alienate such lands.

The purpose of the proposed bill is to eliminate the reversionary interest as it pertains to the 0.048 of an acre of land.

We have been informed that since conveyance of the 8 acres in 1946, the land has been improved by the construction of a hospital and related facilities, including a parking area. We have also been informed that the County of Salt Lake wishes to acquire a portion of the parking area for the construction of a road through the property to serve traffic to the University of Utah.

The county and hospital authorities are considering an arrangement whereby the county will reimburse the hospital for the land involved by relocating and reconstructing an enlarged parking area elsewhere on the remainder of the 9-acre tract. However, the conveyance cannot be made unless the hospital is released from the condition which requires the land to revert to the United States.

GSA opposes, as a matter of policy, legislation which provides for the conveyance or release to grantees such as the hospital of valuable Federal interests in real property without adequate consideration moving to the Federal Government except as provided in laws of general application.

Under normal procedures, if the Shriners' Hospitals for Crippled Children had acquired the property under the Federal Property and Administrative Services Act of 1949 at no cost for health purposes, the United States would have retained a right of reversion in the event the property was not used for the purposes conveyed for a period of 30 years. If at any time during the 30 years the hospital requested abrogation of the reversionary provision for the purpose of making a portion of it available to a State or county for the construction of widening of a street or road, GSA would require the hospital to pay the current fair market value of the portion to be released from the reversionary provision less credit for that proportion of the 30 years during which the property was devoted to hospital use. At the end of the 30 years the reversionary right would automatically expire.

As indicated, heretofore, the property which is the subject of this bill was conveyed to the Shriners' Hospitals for Crippled Children 30 years ago. The 30 years expired July 12, 1976.

Therefore, the property has been devoted to health use for a period of 30 years, the maximum period of time required by the current law of general application before the right of reversion would expire. Accordingly, we offer no objection to the passage of this legislation

since its application would be no less favorable to the Government than would be the provisions of existing law of general application.

Mr. Chairman, this concludes my formal statement. If you or members of the committee have any questions, I will be pleased to respond to them.

Senator NUNN. I do not have any questions on this.

Senator METCALF. As I understand it, you say the county is going to compensate the hospital for this 0.048 acre?

Mr. BUCKLEY. 2,100 square feet of land. It is a very small portion.

Senator METCALF. They are just going to help move?

Mr. BUCKLEY. They will reconstruct the parking lot to provide elsewhere for the 2,100 square feet of land that will be taken by the roadway.

Senator NUNN. Thank you very much, Mr. Buckley.

We appreciate your appearing.

Mr. BUCKLEY. Thank you.

Senator NUNN. The committee stands adjourned.

[Whereupon, the committee was adjourned at 12:30 p.m.]

APPENDIX

[H.R. 14886, 94th Cong., 2d sess.]

AN ACT To revise the appropriation authorization for the Presidential Transition Act of 1963, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 5 of the Presidential Transition Act of 1963 (3 U.S.C. 102 note) is amended to read as follows:

"SEC. 5. There are hereby authorized to be appropriated to the Administrator such funds as may be necessary for carrying out the purposes of this Act, except that with respect to any one Presidential transition—

"(1) not more than $2,000,000 may be appropriated for the purposes of providing services and facilities to the President-elect and Vice President-elect under section 3, and

"(2) not more than $1,000,000 may be appropriated for the purposes of providing services and facilities to the former President and former Vice President under section 4.

The President shall include in the budget transmitted to Congress, for each fiscal year in which his regular term of office will expire, a proposed appropriation for carrying out the purposes of this Act."

(b) Section 3(a)(3) of the Presidential Transition Act of 1963 is amended by striking out "at rates not to exceed $100 per diem for individuals".

SEC. 2. Section 3(a)(2) of the Presidential Transition Act of 1963 is amended by striking out "or nonreimbursable".

SEC. 3. The amendment made by the first section of this Act shall take effect on—

(1) the date of the enactment of this Act, or

(2) October 1, 1976,

whichever is later.

Passed the House of Representatives September 1, 1976.

Attest:

EDMUND L. HENSHAW, Jr., *Clerk.*

[H.R. 14451, 94th Cong., 2d sess.]

AN ACT To amend the Federal Property and Administrative Services Act of 1949 to permit the donation of Federal surplus personal property to the States and local organizations for public purposes, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 203 of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 484) is amended as follows:

(1) Subsection (j) is amended to read as follows:

"(j)(1) Under such regulations as he may prescribe, the Administrator is authorized in his discretion to transfer, without cost (except for costs of care and handling), and personal property under the control of any executive agency which has been determined to be surplus property to the State agency in each State designated under State law as the agency responsible for the fair and equitable distribution, through donation, of all property transferred in accordance with the provisions of paragraphs (2) and (3) of this subsection. In determining whether the property is to be transferred for donation under this subsection, no distinction shall be made between property capitalized in a working-capital fund established under section 2208 of title 10, United States Code, or any similar fund, and any other property.

"(2) In the case of surplus personal property under the control of the Department of Defense, the Secretary of Defense shall determine whether such property is usable and necessary for educational activities which are of special interest to the armed services, such as maritime academies, or military, naval, Air Force, or Coast Guard preparatory schools. If the Secretary determines that such property is usable and necessary for said purposes, the Secretary shall allocate it for transfer by the Administrator to the appropriate State agency for

distribution, through donation, to such educational activities. If the Secretary determines that such property is not usable and necessary for such purposes, it may be disposed of in accordance with paragraph (3) of this subsection.

"(3) Except for surplus personal property transferred pursuant to paragraph (2) of this subsection, the Administrator shall, pursuant to criteria which are based on need and utilization and established after such consultation with State agencies as is feasible, allocate such property among the States, and transfer to the State agency property selected by it for distribution through donation within the State—

"(A) to any public agency for use in carrying out or promoting for the residents of a given political area one or more public purposes, such as conservation, economic development, education, parks and recreation, public health, and public safety; or

"(B) to nonprofit educational or public health institutions or organizations, such as medical institutions, hospitals, clinics, health centers, schools, colleges, universities, schools for the mentally retarded, schools for the physically handicapped, child care centers, radio and television stations licensed by the Federal Communications Commission as educational radio or educational television stations, and libraries serving free all residents of a community, district, State, or region, which are exempt from taxation under section 501 of the Internal Revenue Code of 1954, for purposes of education or public health (including research for any such purpose).

The Administrator, in allocating and transferring property under this paragraph, shall give fair consideration, consistently with the established criteria, to expressions, transmitted through the State agency, of need and interest on the part of public agencies or other eligible institutions within that State.

"(4)(A) Before property may be transferred to any State agency, the chief executive officer of such State shall approve and submit to the Administrator a detailed plan of operation, developed in conformity with the provisions of this subsection, which shall include adequate assurance that the State agency has the necessary organiaztional and operational authority and capability, including staff, facilities, means and methods of financing, and procedures with respect to: accountability, internal and external audits, cooperative agreements, compliance and utilization reviews, equitable distribution and property disposal, determination of eligibility, and assistance through consultation with advisory bodies and public and private groups. No such plan, and no major amendment thereof, shall be filed with the Administrator until sixty days after general notice of the proposed plan or amendments has been published and interested persons have been given at least thirty days during which to submit comments. The Administrator may consult with interested Federal agencies for purposes of obtaining their views concerning the administration and operation of this subsection.

"(B)(i) The State plan of operation shall require the State agency to utilize a management control system and accounting system for donable property transferred under this section of the same types as are required by State law for State-owned property, except that the State agency, with the approval of the chief execuive officer of the State, may elect, in lieu of such systems, to utilize such other management control and accounting systems as are effective to govern the utilization, inventory control, accountability, and disposal of property under this subsection.

"(ii) The State plan of operation shall require the State agency to provide for the return of donable property for further distribution if such property, while still usable, has not been placed in use for the purpose for which it was donated within one year of donation or ceases to be used by the donee for such purposes within one year of being placed in use.

"(C) Where the State agency is authorized to assess and collect service charges from participating recipients to cover direct and reasonable indirect costs of its activities, the method of establishing such charges shall be set out in the State plan of operation. Such charges shall be fair and equitable and shall be based on services, performed by the State agency, including, but not limited to, screening, packing, crating, removal, and transportation.

"(D) The State plan of operation shall provide that the State agency may impose reasonable terms, conditions, reservations, and restrictions on the use of property to be donated under paragraph (3) of this subsection and shall impose such terms, conditions, reservations, and restrictions in the case of any passenger motor vehicle and any items of other property having a unit acquisition cost of $3,000 or more. If the Administrator finds that an item or items have character-

istics that require special handling or use limitations, he may impose appropriate conditions on the donation of such property.

"(E) The State plan of operation shall provide that surplus property which the State agency determines cannot be utilized by eligible receipients shall be disposed of—

"(i) subject to the disapproval of the Administrator within thirty days after notice to him, through transfer by the State agency to another State agency or through abandonment or destruction where the property has no comemrcial value or the estimated cost of its continued care and handling would exceed the estimated proceeds from its sale; or

"(ii) otherwise pursuant to the provisions of this Act under such terms and conditions and in such manner as may be prescribed by the Administrator.

Notwithstanding sections 204 and 402(c) of this Act, the Administrator, from the proceeds of sale of any such property, may reimburse the State agency for such expenses relating to the care and handling of such property as he shall deem appropriate.

"(5) As used in this subsection, (A) the term 'public agency' means any State, political subdivision thereof (including any unit of local government or economic development district), or any department, agency, instrumentality thereof (including instrumentalities created by compact or other agreement between States or political subdivisions), or any Indian tribe, band, group, pueblo, or community located on a State reservation and (B) the term 'State' means the several States, the District of Columbia, the Commonwealth of Puerto Rico, Virgin Islands, Guam, and American Samoa.".

(2) Subsection (k) is amended—

(A) in the first sentence of paragraph (4), immediately following the word "subsection", by adding ", except with respect to personal property transferred pursuant to subsection (j)";

(B) in subparagraph (4)(C), by inserting "or" immediately after the semicolon;

(C) in subparagraph (4)(D), immediately following the words "armed forces", by striking out "; or" and inserting in lieu thereof a period; and

(D) by striking out subparagraph (4)(E).

(3) Subsection (n) is amended to read as follows:

"(n) For the purpose of carrying into effect the provisions of subsection (j), the Administrator or the head of any Federal agency designated by the Administrator, and, with respect to subsection (k)(1), the Secretary of Health, Education, and Welfare or the head of any Federal agency designed by the Secretary, are authorized to enter into cooperative agreements with State surplus property distribution agencies designated in conformity with subsection (j). Such cooperative agreements may provide for utilization by such Federal agency, with or without payment or reimbursement, of the property, facilities, personnel, and services of the State agency in carrying out any such program, and for making available to such State agency, with or without payment or reimbursement, property, facilities, personnel, or services of such Federal agency in connection with such utilization. Payment or reimbursement, if any, from the State agency shall be credited to the fund or appropriation against which charges would be made if no payment or reimbursement were received. In addition, under such cooperative agreements and subject to such other conditions as may be imposed by the Administrator, or with respect to subsection (k)(1) by the Secretary of Health, Education, and Welfare, any surplus property transferred to the State agency for distribution pursuant to subsection (j)(3) may be retained by the State agency for use in performing its functions. Unless otherwise directed by the Administrator, title to property so retained shall vest in the State agency.".

(4) Subsection (o) is amended to read as follows:

"(o) The Administrator with respect to personal property donated under subsection (j), and the head of each executive agency disposing of real property under subsection (k), shall submit during the calendar quarter following the close of each fiscal year a report to the Senate (or to the Secretary of the Senate if the Senate is not in session) and to the House of Representatives (or to the Clerk of the House if the House is not in session) showing the acquisition cost of all personal property so donated and of all real property so disposed of during the preceding fiscal year. Such reports shall also show donations and transfers of property according to State, and may include such other informa-

tion and recommendations as the Administrator or other executive agency head concerned deems appropriate.".

SEC. 2. Except to the extent that the Administrator of General Services, in the case of specific items or categories of property, has determined otherwise, no term, condition, reservation, or restriction imposed pursuant to subsection (j)(5) of section 203 of the Federal Property and Administrative Services Act of 1949 (as in effect prior to the date of enactment of this Act), on the use of any item of personal property donated pursuant to subsection (j)(3) or (j)(4) of section 203 prior to the effective date of this Act as provided in section 9(a), shall remain in effect beyond the thirtieth day after such effective date. This section shall not be deemed to terminate any civil or criminal liability arising out of a violation of such a term, condition, reservation, or restriction which occurred prior to such effective date if a judicial proceeding to enforce such liability is pending on such effective date, or is commenced within one year after such date.

SEC. 3. Section 202 of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 483) is amended by adding the following new subsections:

"(d) Notwithstanding any other provisions of law, Federal agencies are prohibited from obtaining excess personal property for purposes of furnishing such property to grantees of such agencies, except as follows:

"(1) Under such regulations as the Administrator may prescribe, any Federal agency may obtain excess personal property for purposes of furnishing it to any institution or organization which is a public agency or is nonprofit and exempt from taxation under section 501 of the Internal Revenue Code of 1954, and which is conducting a federally sponsored project pursuant to a grant made for a specific purpose with a specific termination made: *Provided*, That—

"(A) such property is to be furnished for use in connection with the grant; and

"(B) the sponsoring Federal agency pays an amount equal to 25 per centum of the original acquisition cost (except for costs of care and handling) of the excess property furnished, such funds to be covered into the Treasury as miscellaneous receipts.

Title to excess property obtained under this paragraph shall vest in the grantees and shall be accounted for and disposed of in accordance with procedures governing the accountability of personal property acquired under grant agreements.

"(2) Under such regulations and restrictions as the Administrator may precsribe, the provisions of this subsection shall not apply to the following:

"(A) property furnished under section 608 of the Foreign Assistance Act of 1961, as amended, where and to the extent that the Administrator of General Services determines that the property to be furnished under such Act is not needed for donation pursuant to section 203(j) of this Act;

"(B) scientific equipment furnished under section 11(e) of the National Science Foundation Act of 1950, as amended (43 U.S.C. 1870(e)), where title is retained in the United States;

"(C) property furnished under section 203 of the Department of Agriculture Organic Act of 1944 (16 U.S.C. 580a), in connection with the Cooperative Forest Fire Control Program, where title is retained in the United States; or

"(D) property furnished in connection with grants to Indian tribes as defined in section 3(c) of the Indian Financing Act (25 U.S.C. 1452(c)).

This paragraph shall not preclude any Federal agency obtaining property and furnishing it to a grantee of that agency under paragraph (1) of this subsection.

"(e) Each executive agency shall submit during the calendar quarter following the close of each fiscal year a report to the Administrator showing, with respect to personal property—

"(1) obtained as excess property or as personal property determined to be no longer required for the purposes of the appropriation from which it was purchased, and

"(2) furnished in any manner whatsoever within the United States to any recipient other than a Federal agency,

the acquisition cost, categories of equipment, recipient of all such property, and such other information as the Administrator may require. The Administrator shall submit a report to the Senate (or to the Secretary of the Senate if the Senate is not in session) and to the House of Representatives (or to the Clerk of the House if the House is not in session) summarizing and analyzing the reports of the executive agencies.".

SEC. 4. Section 402(c) of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 512(c)) is amended by striking out "whenever the head of the executive agency concerned determines that it is in the interest of the United States to do so" and inserting in lieu thereof "whenever the head of the executive agency concerned, or the Administrator after consultation with such agency head, determines that return of the property to the United States for such handling is in the interest of the United States".

SEC. 5. Notwithstanding any other provision of law, and except as the Administrator of General Services may otherwise provide on recommendations of the head of an affected Federal agency, excess personal property acquired by a Federal agency pursuant to the authority of section 202 of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 483) and furnished to and held by a grantee of such agency prior to the effective date of this Act (as provided in section 9(b)) under grants made pursuant to programs established by law shall be regarded as surplus property. The Administrator of General Services upon receipt of a certification by the head of an agency that the property is being used by the grantee for the purposes for which it was furnished shall transfer title to the property to the grantee. The grantor agency shall survey Federal property acquired from excess sources in the possession of its grantees and shall notify the Administrator of General Services, not later than two hundred and forty days from the date of enactment of this Act, of those items of property which are being used by each grantee for the purpose for which it was furnished, and those items which are not being used by each grantee. If the property is not being so used, the Administrator shall transfer such property to an appropriate State agency, upon its request, for distribution in accordance with subsection 203(j) of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 484(j)). Property not so transferred shall be otherwise disposed of pursuant to the provisions of that Act.".

SEC. 6. Section 514 of the Public Works and Economic Development Act of 1965 (88 Stat. 1162) is repealed.

SEC. 7.(a) So much of the personnel, property, records, and unexpended balance of appropriations, allocations, and other funds as are, in the judgment of the Director of the Office of Management and Budget, employed, used, held, available, or to be made available in relation to those personal property functions which the Secretary of Health, Education, and Welfare was authorized to perform under section 203 of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 484) immediately prior to the date of enactment of this Act and which under this Act become vested in the Administrator of General Services shall be transferred to the General Services Administration at such time or times as the Director shall direct.

(b) Such further measures and dispositions as the Director of the Office of Management and Budget deems necessary to effectuate transfers referred to in subsection (a) of this section shall be carried out in such manner as the Director shall direct.

SEC. 8. Title VI of the Federal Property and Administrative Services Act of 1949 is amended by adding after section 605 the following new section:

"SEX DISCRIMINATION

"SEC. 606. No individual shall on the ground of sex be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity carried on or receiving Federal assistance under this Act. This provision shall be enforced through agency provisions and rules similar to those already established with respect to racial and other discrimination under title VI of the Civil Rights Act of 1964. However, this remedy is not exclusive and will not prejudice or remove any other legal remedies available to any individual alleging discrimination.".

SEC. 9. (a) Except as provided in subsection (b), the provision of this Act shall become effective on the expiration of the one hundred and eighty day period which begins on the date of enactment of this Act.

(b) The provisions of section 3 of this Act relating to the prohibition on the obtaining of excess personal property by grantees of Federal agencies and of section 5 of this Act relating to the transfer of title to such property to previous grantees shall become effective on the expiration of the three hundred-day period which begins on the date of enactment of this Act.

SEC. 10. Not later than thirty months after the effective date of this Act (as provided in section 9(b), the Administrator shall submit to Congress a report which covers the two-year period from such effective date and contains (1) a full and independent evaluation of the operation of this Act, (2) the extent to which the objectives of this Act have been fulfilled, (3) how needs served by prior Federal personal property distribution programs have been met, and (4) such recommendations as the Administrator determines are necessary or desirable.

Passed the House of Representatives August 24, 1976.

Attest:

EDMUND L. HENSHAW, Jr., *Clerk.*

[H.R. 13828, 94th Cong., 2d sess.]

AN ACT To amend title 44, United States Code, to strengthen the authority of the Administrator of General Services with respect to records management by Federal agencies, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "Federal Records Management Amendments of 1976".

AMENDMENT OF CHAPTER 29, TITLE 44, UNITED STATES CODE

SEC. 2 (a) Chapter 29 of title 44, United States Code, is amended—

(1) by striking out sections 2901 and 2902 of such chapter and inserting in lieu thereof the following:

"§ *2901. Definitions*

"As used in this chapter, and chapters 21, 25, 27, 31, and 33 of this title—

"(1) the term 'records' has the meaning given it by section 3301 of this title;

"(2) the term 'records management' means the planning, controlling, directing, organizing, training, promoting, and other managerial activities involved with respect to records creation, records maintenance and use, and records disposition;

"(3) the term 'records creation' means the production or reproduction of any record;

"(4) the term 'records maintenance and use' means any activity involving—

"(A) location of records of a Federal agency;

"(B) storage, retrieval, and handling of records kept at office file locations by or for a Federal agency;

"(C) processing of mail by a Federal agency; or

"(D) selection and utilization of equipment and supplies associated with records and copying;

"(5) the term 'records disposition' means any activity with respect to—

"(A) disposal of temporary records no longer necessary for the conduct of business by destruction or donation;

"(B) transfer of records to Federal agency storage facilities or records centers;

"(C) transfer to the National Archives of the United States of records determined to have sufficient historical or other value to warrant continued preservation; or

"(D) transfer of records from one Federal agency to any other Federal agency;

"(6) the term 'records center' means an establishment maintained and operated by the Administrator or by another Federal agency primarily for the storage, servicing, security, and processing of records which need to be preserved for varying periods of time and need not be retained in office equipment or space;

"(7) the term 'records management study' means an investigation and analysis of any Federal agency records, or records management practices or programs (whether manual or automated), with a view toward rendering findings and recommendations with respect thereto;

"(8) the term 'inspection' means reviewing any Federal agency's records or records management practices or programs with respect to effectiveness and compliance with records management laws and making necessary recommendations for correction or improvement of records management;

"(9) the term 'servicing' means making available for use information in records and other materials in the custody of the Administrator, or in a records center—

"(A) by furnishing the records or other materials, or information from them, or copies or reproductions thereof, to any Federal agency for official use, or to the public; or

"(B) by making and furnishing authenticated or unauthenticated copies or reproductions of the records or other materials;

"(10) the term 'unauthenticated copies' means exact copies or reproductions of records or other materials that are not certified as such under seal and that need not be legally accepted as evidence;

"(11) the term 'National Archives of the United States' means those official records which have been determined by the Archivist of the United States to have sufficient historical or other value to warrant their continued preservation by the Federal Government, and which have been accepted by the Administrator for deposit in his custody;

"(12) the term 'Administrator' means the Administrator of General Services;

"(13) the terms 'executive agency' and 'Federal agency' shall have the meanings given such terms by subsections (a) and (b), respectively, of section 3 of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 472 (a) and (b)).

"§ *2902. Objectives of records management*

"It is the purpose of this chapter, and chapters 21, 31, and 33 of this title, to require the establishment of standards and procedures to assure efficient and effective records management. Such records management standards and procedures shall seek to implement the following goals:

"(1) Accurate and complete documentation of the policies and transactions of the Federal Government.

"(2) Control of the quantity and quality of records produced by the Federal Government.

"(3) Establishment and maintenance of mechanisms of control with respect to records creation in order to prevent the creation of unnecessary records and with respect to the effective and economical operations of an agency.

"(4) Simplification of the activities, systems, and processes of records creation and of records maintenance and use.

"(5) Judicious preservation and disposal of records.

"(6) Direction of continuing attention on records from their initial creation to their final disposition, with particular emphasis on the prevention of unnecessary Federal paperwork.

"(7) Establishment and maintenance of such other systems or techniques as the Administrator considers necessary to carry out the purposes of this chapter, and chapters 21, 31, and 33 of this title.";

(2) by striking out section 2904 of such chapter and inserting in lieu thereof the following:

"§ *2904. General responsibilities of Administrator*

"The Administrator shall provide guidance and assistance to Federal agencies with respect to records creation, records maintenance and use, and records disposition. In providing such guidance and assistance, the Administrator shall have responsibility to—

"(1) promote economy and efficiency in the selection and utilization of space, staff, equipment, and supplies for records management;

"(2) promulgate standards, procedures, and guidelines with respect to records management and records management studies;

"(3) conduct research with respect to the improvement of records management practices and programs;

"(4) serve as a clearinghouse for information with respect to records management and as a central source for reference and training materials with respect to records management;

"(5) establish such interagency committees and boards as may be necessary to provide an exchange of information among Federal agencies with respect to records management;

"(6) disseminate information with respect to technological development in records management;

"(7) direct the continuing attention of Federal agencies and the Congress on the burden placed on the Federal Government by unnecessary paperwork, and on the need for adequate policies governing records creation, maintenance and use, and disposition;

"(8) conduct records management studies and, in his discretion, designate the heads of executive agencies to conduct records management studies with respect to establishing systems and techniques designed to save time and effort in records management, with particular attention given to standards and procedures governing records creation;

"(9) conduct inspections or records management studies which involve a review of the programs and practices of more than one Federal agency and which examine interaction among and relationships between Federal agencies with respect to records and records management; and

"(10) report to the Congress and to the Director of the Office of Management and Budget each year, at such time or times as he may deem desirable, on the results of the foregoing activities, including evaluations of responses by Federal agencies to any recommendations resulting from studies or inspections conducted by him.";

(3) by striking out sections 2906 and 2907 of such chapter and inserting in lieu thereof the following:

"§ *2906. Inspection of agency records*

"The Administrator of General Services or his designee may inspect the records of any Federal agency and make inspections of the records management practices and programs in such agencies. Officials and employees of such agencies shall give him full cooperation in such inspections. Records, the use of which is restricted by law or for reasons of national security or the public interest, shall be inspected, in accordance with regulations promulgated by the Administrator, subject to the approval of the head of the agency concerned or of the President.

"§ *2907. Records centers and centralized microfilming services*

"The Administrator may establish, maintain, and operate records centers and centralized microfilming services for Federal agencies."; and

(4) by striking out section 2910.

(b) The table of sections for chapter 29 of title 44, United States Code, is amended to read as follows:

"2901. Definitions.
"2902. Objectives of records management.
"2903. Custody and control of property.
"2904. General responsibilities of Administrator.
"2905. Establishment of standards for selective retention of records: security measures.
"2906. Inspection of agency records.
"2907. Records centers and centralized microfilming services.
"2908. Regulations.
"2909. Retention of records.".

AMENDMENT OF CHAPTER 31, TITLE 44, UNITED STATES CODE

SEC. 3. (a) Chapter 31 of title 44, United States Code, is amended—

(1) by striking out ", maintenance," in section 3102 and inserting in lieu thereof "and over the maintenance";

(2) by striking out "2901, 2903–2909" in section 3102(3) and inserting in lieu thereof "2901–2909";

(3) by striking out section 3103 of such chapter and inserting in lieu thereof the following:

"§ *3103. Transfer of records to records centers*

"When the head of a Federal agency determines that such action may effect substantial economies or increased operating efficiency, he shall provide for the transfer of records to a records center maintained and operated by the Administrator, or, when approved by the Administrator, to a center maintained and operated by the head of the Federal agency."; and

(4) by striking out, in the text of section 3107, everything preceding the word "title" and inserting in lieu thereof "Chapters 21, 25, 27, 29, and 31 of this".

(b) The table of sections for chapter 31 of title 44, United States Code, is amended by striking out the item relating to section 3103 and inserting in lieu thereof the following:

"3103. Transfer of records to records centers.".

TECHNICAL AND CONFORMING AMENDMENTS

SEC. 4. (a) Chapter 21 of title 44, United States Code, is amended by striking out "section 3106" each place it appears in sections 2103(4) and 2108 (b) and (c), and inserting in lieu thereof "section 2107".

(b) Chapter 21 of such title is further amended by striking out "or 31" in section 2111(b) and "and 31" in section 2112, and inserting in lieu thereof "31, or 33" and "31, and 33", respectively.

(c) Chapter 33 of such title is amended—

(1) by striking out "; approval by President" in the table of sections item relating to section 3302 and in the heading of such section; and

(2) by inserting "machine readable materials," immediately after "photographs," in section 3301.

EFFECT ON OTHER LAWS

SEC. 5. (a) The provisions of this Act relating to the authority of the Administrator of General Services do not limit or repeal additional authorities provided by statute or otherwise recognized by law.

(b) The provisions of this Act do not limit or repeal the authority or responsibilities of the Joint Committee on Printing or the Government Printing Office under chapters 1 through 19 of title 44, United States Code.

Passed the House of Representatives August 24, 1976.

Attest:

EDMUND L. HENSHAW, Jr., *Clerk.*

[H.R. 11347, 94th Congress, 2d sess.]

AN ACT To authorize conveyance of the interests of the United States in certain lands in Salt Lake County, Utah, to Shriners' Hospitals for Crippled Children, a Colorado corporation

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Administrator of General Services is authorized, subject to section 2 of this Act, to convey to the Shriners' Hospitals for Crippled Children, a Colorado corporation, without consideration, all right, title, and interest remaining in the United States in and to the following described land, being a portion of the tract conveyed to Shriners' Hospitals for Crippled Children by deed of July 12, 1946, pursuant to the Act entitled "An Act to authorize the Secretary of War to convey certain lands situated within the Fort Douglas Military Reservation to the Shriners' Hospitals for Crippled Children", approved March 14, 1946 (60 Stat. 55):

Beginning at a point north 0 degrees 01 minutes 57 seconds west 42.07 feet and south 75 degrees 09 minutes 12 seconds east 34.14 feet from a Salt Lake City monument at the intersection of Eleventh Avenue and Virginia Street, such point being further described as north 529.37 feet and east 268.85 feet from the southwest corner of the northwest quarter of section 33, township 1 north, range 1 east, Salt Lake base and meridian; running thence south 0 degrees 01 minutes 57 seconds east 30.76 feet; thence south 87 degrees 50 minutes 03 seconds east 135.45 feet; thence north 75 degrees 09 minutes 12 seconds west 140.04 feet to the point of beginning.

SEC. 2. (a) The conveyance to be made under this Act shall be subject to the condition that the transferee, the Shriners' Hospitals for Crippled Children, shall reconvey or dedicate the land specifically described in the first section of this Act to Salt Lake County, Utah, for street construction purposes.

(b) The costs of any surveys necessary as an incident to the conveyance authorized by this Act shall be borne by the Shriners' Hospitals for Crippled Children.

Passed the House of Representatives July 20, 1976.

Attest:

EDMUND L. HENSHAW, Jr., *Clerk.*

U.S. SENATE,
OFFICE OF THE MAJORITY LEADER,
Washington, D.C., September 14, 1976.

Hon. ABRAHAM RIBICOFF,
Chairman, Committee on Government Operations,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This letter is in reference to H.R. 14451 which is under consideration by your Committee. It would reorganize the Federal Government's excess property program, centralizing it more completely in the General Services Administration. I concur with the general thrust of the proposal as the program, like so many Federal programs, has suffered in coordination and control as it has grown.

I do, however, strenuously oppose one section of the bill. That is Section 6, which would repeal Section 514 of the Public Works and Economic Development Act of 1965 providing Regional Economic Development Commissions with the authority to acquire and place excess property for economic development purposes.

While this legislation has only been in existence for two years, it has proven to be most helpful to state and local governmental units in my state and apparently equally so in other states in our region as well. In the past year Montana governmental units received nearly $1.7 million in valuable usable property through the program. The five states in the Old West Region together received more than $20 million. A study of the program's short history indicates it to be one of the most important ways in which the Federal Government can help state and local units stimulate economic development. I am confident you will find similar gratifying results from the program in the other regions, including your own New England Region.

Operation of the program to my knowledge has proceeded smoothly between the Commissions and GSA, which still maintains final control and supervision of the program. In view of the smooth working relationship which has been developed and the unquestioned value of the program to economically-depressed areas, I feel very strongly that Section 6 should be deleted from the bill.

With the best personal wishes, I am

Sincerely yours,

MIKE MANSFIELD.

U.S. SENATE,
COMMITTEE ON PUBLIC WORKS,
Washington, D.C., September 20, 1976.

Hon. ABRAHAM RIBICOFF,
Chairman, Committee on Government Operations,
U.S. Senate, Washington, D.C.

DEAR ABE: I understand that among the measures scheduled for committee action Wednesday morning is H.R. 14451, "To amend the Federal Property and Administrative Services Act of 1949 to permit the donation of Federal surplus personal property to the States and local organizations for public purposes, and for other purposes." I strongly support this bill which I feel would discontinue the inequitable distribution of property in many States, including West Virginia, that are not located within the seven Federal Regional Action Planning Commissions for the purposes of property transfer. I urge that Section VI, to repeal Section 514 of the Economic Development Act, remain in the House-passed bill. Appalachia does not qualify for millions of dollars of property, much of which the General Accounting Office proved was lying wastefully in many States, under the Section 514 property transfer.

On many occasions I am contacted by police and fire departments, volunteer public safety organizations, public health officials, elderly groups, handicapped agencies, and others who require certain property to better administer their programs. Presently many of these groups do not qualify for surplus property.

H.R. 14451 corrects this deficiency. I am pleased that economic development qualifies for donation of surplus property.

I have discussed this measure with Mr. Joseph Stanislawczyk, Director of West Virginia's State Agency for Surplus Property. Joe, as President of the National Association of State Agencies for Surplus Property, has carefully studied this issue and has worked with Senate and House staff to develop a bill which would provide for a more efficient national property distribution system throughout the country. For example, Mr. Stanislawczyk advised me that 95 percent of the property distributed to West Virginia as surplus is derived from other States. I feel that H.R. 14451 contains the corrective measures needed to assure that all State and local interests will be fairly recognized and equally treated. I agree with the General Services Administration that this legislation is cost effective.

As you know the House of Representatives passed this bill overwhelmingly on August 24. I commend you for scheduling action so quickly on this important measure. It is my hope that the Committee on Government Operations will be able to report out H.R. 14451 this week in order that this effective measure can be enacted during this Congress.

With sincere thanks and very best wishes, I am

Truly,

JENNINGS RANDOLPH.

U.S. SENATE,
COMMITTEE ON PUBLIC WORKS,
Washington, D.C., September 17, 1976.

Hon. ABRAHAM RIBICOFF,
Chairman, Government Operations Committee,
U.S. Senate, Washington, D.C.

DEAR ABE: It is my understanding that the Government Operations Committee may recommend to the Senate favorable action on H.R. 14551 containing amendments to the law governing the disposition of Federal personal property.

The bill repeals Section 514 of the Public Works and Economic Development Act, which has authorized the distribution of certain excess Federal property by regional action planning commissions.

I think it is important that the legislative record on H.R. 14551 contain some of the background and history of Section 514.

Five years ago, in May, 1971, the Four Corners Regional Commission set up with the approval of the Department of Commerce and the General Services Administration, a pilot Excess Property Program for eligible communities and Indian Tribes in our Region.

Over the course of the next 26 months, 150 property grants were made for economic development. Of the $12.5 million in excess property acquired through the Commission, more than half ($6.5 million) went to Indian Tribes, just over $2.1 million to vocational education centers, and the remaining $3.4 million to small communities in the Southwest.

The Program was enthusiastically received and believed to be an imaginative and innovative use of government resources for priority goals—increased employment and improved incomes—shared by all levels of government.

However, in early 1973, question was raised by Department of Commerce officials about the legal basis under the Federal Property and Administration Services Act of 1949 for the Commission's Program Authority.

The Department suspended the Commission's Authority and terminated the Excess Property Program pending resolution of this matter. In order to resolve the issue, Senator Peter Domenici and I, in 1974, sponsored and secured Senate approval of an amendment to the Public Works and Economic Development Act. Section 514, authorizing a Regional Excess Property Program for all Title V Commissions.

The House-Senate Conference on EDA-Regional Commission legislation accepted and both Houses of the Congress approved the measure during the closing weeks of that Congress and it became law on September 27, 1974.

We believed that this experimental Program had made a very significant contribution to national economic development and should be continued and expanded to other lagging areas of the country.

The new Program has done much to provide economic growth in the States of our Region. For example—in the State of New Mexico during fiscal year 1976,

89 grants for just over $14,081,000 have enabled Indian Tribes, school districts, towns and counties in our State to accomplish goals that could not have been achieved without the Program.

Navajo Agricultural Products Industries is the subsidiary of the Navajo Tribe responsible for the irrigated land now coming into production through the Navajo Indian Irrigation Project, a Federal development sponsored through the U.S. Department of the Interior.

The Irrigation Project calls for the preparation of 110,000 acres of Indian lands on the Navajo Reservation for crop production over the ten year period 1975 to 1984.

The first 10,000 acres became available for production last year and Tribal officials inform me that without the $1,600,000 in excess government property obtained through the Four Corners Program, NAPI would have been unable to get the land into production.

The availability of water for this acreage raised the production potential from $50 an acre to over $400 per acre—an enormous expansion of income earning potential for a people whose unemployment rate exceeds 50 percent and whose incomes run about $1000 per capita.

Another grant of some $600,000 in equipment was made to Luna Vocational School in Las Vegas, New Mexico. Mr. Sanchez, the Director of that school, advises us that this equipment saved his institution a minimum of $200,000 in teaching aids, and enabled the school to greatly expand its work in diesel, automotive and welder training. The equipment has also created a dozen new direct jobs.

Western New Mexico several years ago suffered from a series of flash floods which washed away bridges and roads. Restoration of these facilities has been hampered by shortage of road funds and a low tax base. The Commission obtained a substantial number of railroad flat car beds through excess property and these decks have been installed, most of them on county roads in or near the Navajo Indian Reservation, at 47 locations.

It is estimated that the saving in gasoline will be $1 million per year because these bridges give better access to central communities.

It seems to me that the Committee should carefully examine the impact of the Regional Commission Excess Property Program before recommending its abolition. It is true that it does not provide equitable distribution of government property to all States and localities. However, it does attempt to address what is another priority concern of the Congress—unemployment and low per capita income.

Unemployment and low per capita incomes are not evenly distributed among all States, counties or localities in America. The Public Works and Economic Development Act of 1965 as amended is one of the instruments fashioned by the Congress to deal with this problem. The Excess Property Program in the Four Corners Region has made and is making a substantial contribution toward better jobs and income for the Indian and Spanish American population of our States. I believe it should continue to do so.

It is said that Section 514 applies only to the 32 States in regional commissions. However, other States are currently examining the feasibility of establishing these multi-state commissions—California, Alaska, Texas, New Jersey, New York, Pennsylvania, Ohio, Indiana, and Illinois.

Because this program has, in my judgment, been nearly an unqualified success, I hope the Government Operations Committee will not in the closing hours of this Congress repeal Section 514 before a thorough legislative review of the pluses and minuses of the program has been undertaken in the Senate.

Sincerely,

JOSEPH M. MONTOYA,
Chairman, Subcommittee on Economic Development.

U.S. SENATE,
SPECIAL COMMITTEE ON AGING,
Washington, D.C., September 18, 1976.

HON. ABRAHAM RIBICOFF,
Chairman, Intergovernmental Operations Committee,
Washington, D.C.

DEAR MR. CHAIRMAN: It is my understanding that the Committee on Intergovernmental Operations is presently considering legislation to amend the Federal Property and Administrative Services Act of 1949, relating to the donation of federal surplus property to states and local organizations.

In 1974, I was the original co-sponsor of the amendment allowing the Title V Regional Commission to participate in the surplus properties program. The program has become a very important part of the Commission's work and has the enthusiastic endorsement of Commission members. I am concerned about the effects of the House-passed legislation, H.R. 14451, on the Regional Commission's program.

I understand that one day of hearings has been held by the Committee and that Governor Castro, representing the Four Corners Regional Commission, testified. I hope before further action is taken by the Committee on this very important legislation that adequate time is given all interesed paries to make their views known to the Committee so that this legislation can receive the full attention it deserves.

Sincerely,

PETE V. DOMENICI.

U.S. SENATE.
Washington, D.C., September 20, 1976.

Hon. ABRAHAM RIBICOFF,
U.S. Senate,
Washington, D.C.

DEAR ABE: At the business meeting of the Government Operations Committee on Wednesday, October 22, a bill is scheduled for consideration which I feel is extremely important. That bill is H.R. 14451, relating to the procedures governing the distribution of excess and surplus Federal personal property.

Title VI of H.R. 14451 is of particular concern to me since it would eliminate Title V Regional Commissions from participation in the Excess Federal Property Program. It is beyond question that participation by Title V Commissions during the last several years has resulted in great improvements in the economic circumstances of these areas of the Country judged by the Congress to be most depressed economically and in greatest need of Federal assistance. Everyone involved recognizes the significant benefits flowing to State and local governments by virtue of the Regional Commission's participation in this program. That is to be expected since no other combination of Federal government programs fits together better in providing a reasonable sharing of resources to help meet local problems.

There may be a need for some changes in the present system for a greater accommodation between State Surplus Property Programs and the Regional Commissions, but to eliminate the Commissions from the program at this point would preclude a reasonable and workable accommodation. I am especially distressed since the record available to me reflects little effort on the House side to obtain the views and reasoning of those opposed to Title VI of this bill. It is my opinion that the Senate and the Congress as a whole ought to have the benefit of a much more thorough study on the entire excess/surplus property program before taking a step as drastic as that contained in this bill.

Accordingly, I urge the Government Operations Committee to decline to report H.R. 14451 based on firm commitment to conduct a full and detailed study of the issues involved through a complete committee proceeding next year during which all views, together with supporting documentation, can be taken into account.

Thank you for your attention to and consideration of my concerns. If you or your staff have any questions about this request, please call me or have your staff contact Charles Gentry in my office at 4–6621.

With warmest personal regards.

Sincerely,

PETE V. DOMENICI.

U.S. SENATE,
COMMITTEE ON INTERIOR AND INSULAR AFFAIRS,
Washington, D.C., September 14, 1976.

Senator ABRAHAM RIBICOFF,
U.S. Senate,
Washington, D.C.

DEAR ABE: H.R. 14451 is a bill which would restrict a very successful program. Local units of government, over the past several years, have been able to take advantage of excess property made available to them both through Title 5 Commissions and through the Economic Development Administration. This has been the first opportunity that local units of government have had to compete for these

materials, and they have been of great assistance in developing the economic base of many communities.

H.R. 14451 would drastically change this procedure, removing the direct eligibility of local units of government, and I request that consideration be given to holding extensive hearings on this matter to determine the net result on cities, towns and counties.

Your assistance in this matter would be greatly appreciated.

Sincerely,

DEWEY F. BARTLETT.

U.S. SENATE,
Washington, D.C., September 8, 1976.

Hon. ABRAHAM A. RIBICOFF,
Chairman, Government Operations Committee,
3306 Dirksen Senate Office Building,
Washington, D.C.

DEAR ABE: H.R. 14451, the Excess Property Legislation is, as you know, presently before your committee. There is strong opposition to this bill from local and county governments. Although hearings were held on the House side prior to introduction of this bill, small government entities feel they were not adequately represented. Due to the controversial nature of this bill, especially in our most basic governmental units, I urge you at this time to hold hearings on the Senate side prior to committee action on this bill. Further, every effort should be made to include city and county governments in the hearings as these levels are the ones most affected by passage of this bill. As the major benefactors of this legislation, it is only equitable that these people's voices be heard.

I appreciate your consideration of this matter.

Sincerely,

HENRY BELLMON.

U.S. SENATE,
COMMITTEE ON ARMED SERVICES,
Washington, D.C., September 17, 1976.

Senator ABRAHAM RIBICOFF,
Chairman, Government Operations Committee,
U.S. Senate, Washington, D.C.

DEAR ABE: Enclosed for your information is a copy of a letter I have received from one of my constituents concerning H.R. 14451.

It is my understanding that the Government Operations Committee will soon hold hearings on this matter and I would appreciate your making the letter from Mr. Altman a part of your hearing record so it will be available to all members of the Committee.

With kindest regards and best wishes,

Very truly,

STROM THURMOND.

STATE OF SOUTH CAROLINA,
DIVISION OF GENERAL SERVICES,
BUDGET AND CONTROL BOARD,
West Columbia, S.C., September 13, 1976.

Hon. STROM THURMOND,
Senate Office Building,
Washington, D.C.

DEAR SENATOR THURMOND: The above bill introduced by Congressman Jack Brooks, Chairman of the Committee on Government Operations, was adopted by the U.S. House of Representatives August 23 by a vote of 340 to 51.

Hearings are currently scheduled to be held by Senator Abraham Ribicoff's Government Operations Committee. It is my understanding that OMB and GSA will support the bill at this hearing.

This legislation would amend the Federal Property and Administrative Services Act of 1949, thereby permitting the states to donate Federal Surplus Personal Property to many agencies, such, as, cities, towns, political subdivisions, etc., that are now excluded by the 1949 Act. All donees now eligible would be included.

The National Governors' Conference and the National Association of State Agencies for Surplus Property both have endorsed this legislation.

We in South Carolina are very interested in the passage of H.R. 14451, as the present system of administering the Federal Surplus Program is antiquated and is inequitable and complex in establishing priorities. Enactment of this legislation would enable this agency to better serve all of the state in this very worthwhile program.

I sincerely hope that we can count on your support for passage of this bill.

With kind regards, I am

Very truly yours,

W. M. ALTMAN, Jr.,
Surplus Property Officer.

NATIONAL SCIENCE FOUNDATION,
Washington, D.C., September 13, 1976.

HON. ABRAHAM RIBICOFF,
Chairman, Committee on Government Operations,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: As a result of a conversation between the National Science Foundation's General Counsel and Mr. William P. Goodwin of your Committee's staff, I am furnishing the views of the NSF on H.R. 14451, a bill "To amend the Federal Property and Administrative Services Act of 1949 to permit the donation of Federal surplus personal property to the States and local organizations for public purposes, and for other purposes."

The Foundation has a keen interest in this bill, because we have an active program of furnishing excess property to our grantees. We are in basic agreement with the broader objectives of this bill to expand the uses for which surplus property may be acquired by the States and to rearrange priorities of access. However, we have some concern with the excess property provisions of the bill, and we would urge certain amendments to the bill which we believe would remedy these problems while at the same time meet what we perceive to be the broader objectives of this legislation.

Our concerns are with section 3 of the bill which would amend section 202 of the Federal Property and Administrative Services Act. We recognize that this section as contained in H.R. 14451 represents a compromise from the language of earlier versions of that bill, e.g., H.R. 9152, which would have completely barred the furnishing of excess property to Federal grantees. The proposed new subsection 202(d) would bar the furnishing of excess property to grantees except under certain conditions. For the most part we feel the conditions imposed are reasonable. However, we are troubled by the requirement that the agency pay 25 percent of the original acquisition cost of the excess property. We believe that this requirement, as a practical matter, would eliminate the furnishing of excess scientific property to grantees. For the most part, excess scientific property is acquired to enhance on-going projects and rarely is the availability of such property known during the proposal and award stage of the grant process. Hence, grant budgets do not contain the funds to pay for such property, and it would generally be quite difficult for a program within an agency to obtain the needed funds in a timely manner. Moreover, since most of the equipment is used, its acquisition is often speculative in that no one can be sure it will actually function properly. It is doubtful that much of it has a fair market value of 25 percent of original acquisition cost.

On the other hand, it is our impression that the main impetus behind this language to curtail the furnishing of excess property to grantees has resulted from the recent activities of the various regional commissions under the authority provided in section 514 of the Public Works and Economic Development Act of 1965, which this bill would repeal. As we understand the situation the activities of the regional commissions are in direct competition with the various state property agencies in that the regional commissions have been obtaining at the "excess level" a great deal of office equipment and construction machinery and vehicles that the State agencies would have normally wished to acquire as "surplus." Apparently, it is felt that this competition could undermine the efficacy of the State agency system.

The Foundation, of course, is in no position to judge or comment on the merits of the latter situation. However, we would wish to suggest an amendment to section 3 of H.R. 14451 which wuld meet what we believe to be the legitimate needs of federally-supported science programs while leaving intact the main thrust of section 3 to balance the needs of the State agencies against the needs of the regional commissions. In particular, we suggest that proposed section 202(d)(1)(B) of the FPASA as set forth in section 3 of the bill be amended by revising (B) to read as follows: "(B) the sponsoring Federal agency pays an amount equal to 25 per centum of the original acquisition cost (except for costs of care and handling) of the excess property furnished (except that no payment shall be required in the case of scientific equipment), such funds to be covered into the Treasury as miscellaneous receipts."

Our second concern with section 3 is with respect to the requirement in the proposed new section 202(d)(2)(B) that the National Science Foundation retain title to equipment furnished to its grantees. This is contrary to our current practice in most cases and would have the effect of greatly increasing the administrative costs of our program since elaborate accounting procedures would have to be initiated both by NSF and by receiving grantees. We believe there is no justification for this in the case of low-value items, many of which are expendable items. We believe that the retention of title would only prove useful in the case of high dollar items having an expected useful life well in excess of the expected duration of the research for which the item was obtained. In any case, we feel that this is a matter that could be treated in GSA regulations, and accordingly urge that the words "where title is retained in the United States" be deleted from the section in question.

We believe that with those two changes the bill would allow a viable excess property program, while at the same time improving the surplus property program by broadening it and consolidating its administration within one Federal agency. Accordingly, with the changes proposed, we would support enactment of the bill.

Time has not permitted us to ascertain the views of the Office of Management and Budget from the viewpoint of the Administration's program, but that Office does not object to the submission of our views.

Sincerely yours,

RICHARD C. ATKINSON,
Acting Director.

THE COMMONWEALTH OF MASSACHUSETTS,
EXECUTIVE DEPARTMENT,
Boston, September 13, 1976.

Hon. ABRAHAM A. RIBICOFF,
U.S. Senate,
Washington, D.C.

DEAR SENATOR RIBICOFF: This letter is to be submitted to the Senate Government Operations Committee for the purpose of placing on the record the position of the six New England Governors previously provided to the House of Representatives regarding their opposition to H.R. 14451, a bill that would amend the Federal Property and Administrative Services Act of 1949.

Sincerely yours,

MICHAEL S. DUKAKIS,
Governor.

THE COMMONWEALTH OF MASSACHUSETTS,
EXECUTIVE DEPARTMENT,
Boston, August 19, 1976.

Hon. JAMES C. CLEVELAND,
House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN CLEVELAND: On August 24, 1976, the House will vote on H.R. 14451, a Bill "to amend the Federal Property and Administration Services Act of 1949 to permit the donation of Federal surplus personal property to the States and local organizations for public purposes, and for other purposes."

Section Six of this Act repeals Section 514 of the Public Works and Economic Development Act of 1965, the enabling legislation which authorizes the various Title V Regional Commissions to distribute Federal Excess Property to a wide range of eligible recipients for economic development purposes. Through the

New England Regional Commission more than 40 million dollars in property has been transferred from March, 1975 to August, 1976 to the New England States.

It should be understood that under H.R. 14451, government property will not be acquired free of cost as it is under the Commission's program. The State agency for Surplus Property will be charging an administrative fee of 5–10% of the acquisition cost. Since most of the material acquired must be repaired, this additional fee puts an added burden and cost in the acquisition of excess property.

Because of the broad benefits which the Commission's Excess Property Program has demonstrated, the six New England Governors at the March 29, 1976 Commission meeting passed a Resolution urging the defeat of any legislation that would repeal Section 514 of the Public Works and Economic Development Act of 1965, as amended. At this time I, along with the other five New England Governors, urge that you vote to defeat H.R. 14451.

Sincerely,

MICHAEL S. DUKAKIS,
Governor.

Attachment.

NEW ENGLAND REGIONAL COMMISSION, RESOLUTION NO. 145

A Resolution of the State Members of the New England Regional Commission Opposing S. 2876, a bill to amend the Federal Property and Administrative Services Act of 1949 to permit the donation of Federal surplus personal property to the States for public purposes, and for other purposes.

Whereas the New England Regional Commission has implemented an excess property program as authorized by Section 514 of the Public Works and Economic Development Act as amended; and

Whereas the New England States have already acquired and distributed nearly $18 million of excess property in the first year of the program's operation; and

Whereas the excess property purchased with taxpayers' money is, through the Commission program, being returned to local taxpayers for their use and simultaneously is generating creation of jobs and economic development in the areas where they are most needed. Now therefore be it

Resolved, That the State Members of the New England Regional Commission do hereby urge defeat of this Bill S. 2876 or any similar legislation that would repeal Section 514 of the Public Works and Economic Development Act as amended.

Adoption certified by the State members of the New England Regional Commission.

MICHAEL S. DUKAKIS,
State Cochairman.

March 29, 1976.

CONNECTICUT RECREATION AND PARK ASSOCIATION,
September 14, 1976.

Senator ABRAHAM RIBICOFF,
Russell Senate Office Building,
Washington, D.C.

DEAR SENATOR RIBICOFF: The Connecticut Recreation and Parks Association would like to support bill H.R. 14451 which will permit the donation of Federal Surplus Personal Property to the states and local governments for various public purposes, including park and recreation related uses.

This bill passed in the House of Representatives on August 24th and the bill has yet to be scheduled by the Senate Committee on Government Operations.

Our Association, who has numerous heads of Municipal Parks and Recreation Departments, feels that this bill will provide a vital outlet for Municipal Departments to extend and improve available programs and facilities. As you are well aware, budgets at all levels of government are becoming increasingly tight and in some cases being reduced. We feel that the Federal Government Surplus Program will help local departments help cope with some of these budgetary problems.

As President of the State Association and State Legislature Chairman, I urge you to schedule and pass this bill so that it can be completed in the 94th Congress.

I truly hope that you see the need for this legislation and vote positively for bill H.R. 14451.

Sincerely,

ROBERT V. DETORE,
President.

GREENE COUNTY RECREATION PARK DEPARTMENT,
Xenia, Ohio, September 16, 1976.

Hon. ABRAHAM RIBICOFF,
Russell Senate Office Building,
Washington, D.C.

DEAR SENATOR RIBICOFF: The House of Representatives passed H.R. 14451 on August 24, amending the Federal Property and Administrative Services Act of 1949.

The Senate Committee on Government Operations is now considering this most significant amendment that will benefit park and recreation agencies and the American public throughout the nation.

This Bill (H.R. 14451) will restore orderly procedures to the distribution, handling and control of Federal Surplus Personal Property.

The Greene County Recreation and Park Department serves the communities where Wright Patterson Air Force Base is located. It has become very distressing to drive by the excess and surplus property yard at this base and not be allowed to secure this personal property due to our low priority.

In addition, we are allowed one day per month to browse through the surplus property yard and building in Columbus, Ohio while the educational agencies can go in whenever they want and tag the best personal property.

I have sent my maintenance department supervisor over 300 miles to look at much needed surplus property only to find out that its condition is so bad that we cannot afford to return it to our County. At the same time there is surplus property sitting beside it that some other agency has already tagged.

It is extremely important that action on this legislation be completed in the 94th Congress.

This amendment (H.R. 14451) will provide much needed assistance to local government agencies and not cost the Federal taxpayer anything.

Respectively yours,

CHARLES E. DRESSLER, *Director.*

ORANGEBURG COUNTY CIVIL DEFENSE AGENCY,
Orangeburg, S.C., September 17, 1976.

Hon. ABRAHAM A. RIBICOFF,
Chairman, U.S. Senate Committee on Government Operations,
Senate Office Building, Washington, D.C.

DEAR SENATOR RIBICOFF: We in Orangeburg County are very interested in the passage of HR 14451, as the present system of administering the Federal Surplus Program is antiquated and is inequitable and complex in establishing priorities. Enactment of this legislation would enable this agency to better serve all of the county in this very worthwhile program.

I sincerely hope that we can count on your support for passage of this bill.

With kind regards, I am

Very truly yours,

WILBUR W. GROOMS.

NEW ENGLAND REGIONAL COMMISSION,
Boston, Mass., September 17, 1976.

Hon. ABRAHAM RIBICOFF,
Chairman, Committee on Government Operations,
U.S. Senate, Washington, D.C.

DEAR SENATOR RIBICOFF: This letter is in reference to H.R. 14451, a bill to amend the Federal Property and Administrative Services Act of 1949 to permit the donation of Federal Surplus Property to the States and local organizations for public purposes, and for other purposes. Essentially, the bill is designed to centralize the property disbursement function in the General Services Administration and the State Agencies for Surplus Property.

While the increased coordination is a laudable goal, I think that the Committee should seriously study the various Title V Regional Commissions' Excess Property Programs prior to passage of the bill. Section 6 of H.R. 14451 repeals Section 514 of the Public Works and Economic Development Act of 1965 which enables the New England Regional Commission to transfer excess property for economic development purposes.

In fiscal year 1976 alone, more than 30 million dollars in property was transferred through the Commission to the New England States.

Some of the Highlights of the program include the transferring of :

More than one million dollars in shop equipment to vocational technical schools in Connecticut for the expansion and creation of job training programs.

Either generators, trucks, or trailers to more than thirty cities and towns in Connecticut.

A boat valued at $144,128 to Bridgeport, Connecticut, to be used as a rescue and patrol craft to support activities along the Connecticut coast and at Bridgeport Municipal Airport.

The other five New England States have similar success stories. It should also be remembered that this material was supplied free of charge to these eligible recipients. Under H.R. 14451, the cities and towns would be required to pay to the State Agency for Surplus Property an administrative fee of 5–10 percent of the property's acquisition value as well as transportation costs and possible storage charges.

In light of the vast economic benefits the Commission program has demonstrated in New England, the Governors at their March 29, 1976 Commission meeting passed Resolution No. 145 urging defeat of any legislation that would repeal Section 514 of the Public Works and Economic Development Act as amended.

At this time I, as the representative of the Governors at the Commission would strongly urge that Section 6 of H. R. 14451 be reviewed more throroughly before any action is taken by the Committee.

Sincerely,

THOMAS J. DOYLE.

Attachment:

(EDITOR'S NOTE.—Resolution No. 145 is printed as an attachment to a letter from Governor Dukakis.)

NATIONAL RECREATION AND PARK ASSOCIATION,
Arlington, Va., September 20, 1976.

Hon. ABRAHAM RIBICOFF,
Chairman, Committee on Government Operations,
Washington, D.C.

DEAR SENATOR RIBICOFF: Your Committee will soon give final consideration to H. R. 14451, a bill amending the Federal Property and Administrative Services Act of 1949. The amendment will permit the donation of federal surplus personal property to state and local governments for various public purposes, including park and recreation uses. This legislation represents a substantial improvement in existing restrictive law which contains major inequities in the distribution in both federal excess and surplus personal property. The legislation under consideration could provide substantial possible benefits for park and recreation agencies and the American public nationwide.

An opportunity to participate in federal surplus personal property programs will enable recipient agencies to extend and improve programs, services and facilities. We strongly urge that the thrust of H.R. 14451, as passed by the House, be maintained by the Senate. That is, all essential public services should have an equal opportunity to participate in the program. Similarly, all units of government, regardless of their geographical location or affiliation with, say, Economic Development Regions should have an opportunity to equitably participate in such programs if they so choose.

Sincerely,

JOHN H. DAVIS,
Executive Director.

NATIONAL COUNCIL OF UNIVERSITY RESEARCH ADMINISTRATORS,
Washington, D.C., September 13, 1976.

Senator ABRAHAM RIBICOFF,
Chairman, Committee on Government Operations,
U.S. Senate, Washington, D.C.

DEAR SENATOR RIBICOFF: As President of the National Council of University Research Administrators, I wish to register our strong opposition to House Bill HR 14451—Federal Surplus Personal Property.

In particular, there are two sections of the bill which will adversely affect the conduct of research on university campuses. One will require the National Science Foundation to pay 25 percent of the original purchase price of all excess properties; the other stipulates that the Federal government retain title to all excess scientific equipment used in university projects.

The section requiring NSF payment will place an undue burden on the already limited funds available to them for the support of individual research programs.

Having the Federal government retain title to all excess scientific equipment will undoubtedly increase the administrative costs and burdens to both universities and the NSF without any tangible benefits accruing. For example, universities would be reluctant to modify excess scientific equipment to better carry out a particular research program if they were later required to tear down the apparatus in order to return it to its orgininal state.

Sincerely yours,

ERIC R. RUDE, *President.*

COMMONWEALTH OF KENTUCKY,
DEPARTMENT OF EDUCATION,
Frankfort, September 7, 1976.

Hon. ABRAHAM A. RIBICOFF,
Chairman, Committee on Government Operations,
Washington, D.C.

DEAR SENATOR RIBICOFF: The members of our Surplus Property Advisory Committee, today, unanimously requested that I advise you of our interest in scheduling HR 14451, as recently passed by the U. S. House of Representatives, for Committee review and Senate vote before adjournment. A list of our Advisory Committee is attached.

Our primary concern in this legislation is the repeal of Section 514 of the Public Works and Economic Development Act of 1965, which causes unfair discrimination to seventeen states, including Kentucky, as well as to portions of several other states.

Another concern is the tremendous impact on the emergency preparedness function of Civil Defense without this legislation, due to the October 1, 1976, implementation of curtailments in the Surplus Property Program by the Secretary of Defense, as recommended by OMB.

We ask that you give this bill the consideration it merits, as we believe it warrants your special attention.

Very truly yours,

E. L. PALMER,
Director, Division of Surplus Property.

DIVISION OF SURPLUS PROPERTY

Advisory Committee Members

Chairman

Mr. Bill Hatley, Regional Director, Vocational Region 2, Madisonville, Ky.

Co-Chairman

Mr. Steve B. Marcum, Director, Division of Buildings & Grounds, Department of Education

Members

Dr. Tom Gabbard, Superintendent, Newport Independent Schools
Mr. William L. Bennett, Superintendent, Berea City Schools
Mr. Charles Akins, Superintendent, Hardin County Schools
Mr. Roy Winchester, Superintendent, Henry County Schools
Mr. Billie C. Brown, Superintendent, McCracken County Board of Education
Mr. James McCarty, Somerset Area Vocational School

Rev. Raymond G. Hill, Superintendent, Owensboro Diocese
Dr. Morris Norfleet, Acting President, Morehead State University
Mr. Larry G. Howard, Director of Purchasing, Western Kentucky University
Mr. Kenneth Shaw, Superintendent of Building & Grounds, Cumberland College
Mr. O. Leonard Press, Executive Director, KETV
Mr. Bob Burnett, Business Officer, Community Colleges, University of Kentucky
Mr. John Lee West, Kentucky Department of Libraries
Ms. Elizabeth Bailey, Superintendent, Harrison County Memorial Hospital
Mr. Mattison H. Hoskins, Administrator, Rockcastle County Hospital
Mr. George C. Hobbs, Purchasing Agent, Louisville Memorial Hospital
Mr. John D. Hoyle, Administrator, St. Luke Hospital
Mr. Troy Bevins, Director, Pike County Civil Defense
Mr. J. T. Whitlock, Director, Marion County Civil Defense

Other Members

Dr. James B. Graham, Superintendent of Public Instruction
Mr. James Melton, Associate Superintendent of Public Instruction
Mr. Fred Johnson, Assistant Superintendent, Bureau of Administration & Finance
Mr. Robert McFerren, Deputy Director, Division of Disaster & Emergency Services

[Telegram]

STATE OF NEVADA,
Las Vegas, Nev., September 13, 1976.

Senator ABRAHAM A. RIBICOFF,
Chairman, Senate Government Operations Committee,
Washington, D.C.

I would like to show my support for section 514 of the Public Works and Economic Development Act of 1965. I would hope that the committee would approve House Bill 14451, a bill to dispose of Federal surplus property through State and local organizations, but would amend it so as to delete section 6. We feel that section 514 of the Public Works and Economic Development Act of 1965 is a very valuable instrument for our towns and counties.

MIKE O'CALLAGHAN, *Governor.*

[Telegram]

STATE OF COLORADO,
Denver Colo. September 13, 1976.

Senator ABRAHAM A. RIBICOFF,
Chairman Senate Government Operations Committee, Dirksen Senate Office Building, Washington, D.C.

The Four Corners Regional Commission's excess property program has been of great benefit to small communities and Indian Reservations in Colorado and the other States of our region. Priorities are set by and property distributed through the Governor's office in each State. This insures that the Governor has the principal policymaking voice in the program as it is now operated. While I favor the passage of H.R. 14451, I urge the retention of section 514 of the Public Works and Economic Development Act which is the authority for the title V commissions, and I urge that section VI be strickened before the passage of H.R. 14451.

RICHARD D. LAMM, *Governor.*

[Telegram]

STATE OF MISSOURI,
Jefferson City Md., September 13, 1976.

Hon. ABRAHAM A. RIBICOFF,
Capitol One D.C.

It has come to my attention that H.R. 14451 is to be heard by your Senate Government Operations Committee on Monday, September 13th. The excess property program of the Ozarks Regional Commission is providing needed assistance to Missourians. The continuation of the excess property program is imperative and I hope you will take this into consideration as your committee deliberate on the bill.

Sincerely

CHRISTOPHER S. BOND, *Governor.*

[Mailgram]

STATE OF MICHIGAN,
Lansing, Mich., September 15, 1976.

Hon. ABRAHAM RIBICOFF,
Russell Office Building,
U.S. Senate,
Washington, D.C.

Like many other States served by the Regional Commissions, Michigan has received substantial benefits from the excess property program. Coming at a time when local units of government are hard pressed for funds, forcing a limit on necessary equipment purchases, the program has, in many instances, made the difference in continuing vital services. This has been true particularly in vocational education, where may of our school districts would not have been able to undertake critical programs without equipment secured from Government excess sources. The regional commissions have provided taxpayers a great service by channeling equipment declared excess to where it is most needed and where it can produce the most good. The excess property authority vested in the regional commissions is as much needed in the months ahead as during the recession period. I join many of my fellow Governors, Republicans and Democrats alike, in strongly urging you to do everything you can to remove all provisions in H.R. 14451 which would take away from regional commissions their authority to obtain excess property. The regional commissions have demonstrated without doubt that they can set priorities and distribute this equipment, paid for by taxpayers, in a way that is compatible with promoting economic and community development for the public good.

Sincerely,

WILLIAM G. MILLIKEN, *Governor.*

[Mailgram]

SANDSTONE, MINN., *September 9, 1976.*

Senator RIBICOFF,
Chairman of Government Operations Committee,
Senate Russell Office Building, Washington, D.C.:

We are against H.R. 14451 section 6 which repeals 514 Title 5 Public Works and Economic Development Act as amended.

AUGUST ZRIEMER.

[Telegram]

TUCSON, ARIZ., *September 13, 1976.*

Senator ABRAHAM A. RIBICOFF,
Chairman, Senate Government Operations Commtitee,
Russell Senate Office Building, Washington, D.C.:

I testified on H.R. 9152 and H.R. 9593 before Government Activities and Transportation Subcommittee House Government Operations Committee hearing held October 2, 1975. My retirement from government after 25 years as Legal Counsel to Donation Program at HEW did not abate my interest for this worthy program. Temporary presence in Arizona prevents offering testimony to your Committee.

I respectfully urge you consider my previous testimony before House subcommittee that it be made available to members of your committee and include in record of your hearings.

MANUEL B. HILLER.

THE ASSOCIATION OF AMERICAN UNIVERSITIES,
Washington, D.C., September 15, 1976.

Re H.R. 14451, Amendments to the Federal Property and Administrative Services Act of 1949.

To: Members of the Senate Committee on Government Operations.

From: Charles B. Saunders, Jr., American Council on Education; Charles V. Kidd, Association of American Universities; Ralph K. Huitt, National Association of State Universities and Land-Grant Colleges.

We understand the Committee on Government Operations will shortly consider H.R. 14451, a bill "To amend the Federal Property and Administrative Services Act of 1949." The American Council on Education, the Association of American Universities and the National Association of State Universities and Land-Grant

Colleges wish to take this opportunity to call to your attention two provisions concerning excess property in H.R. 14451 which we fear would have a detrimental effect on university research programs.

Section 3 of the bill would amend Section 202 of the Act to require agencies which furnish excess property to grantees to pay supplying agencies an amount equal to 25 percent of the original acquisition cost of the property. This provision almost certainly would terminate all agency programs of furnishing excess scientific property to universities. Because the availability of excess property generally is not predictable and because its serviceability often is questionable, the property is used by investigators most frequently to supplement and enhance their ongoing projects. Often the equipment is cannibalized to secure useful components. Much of the equipment would be junked if it were not used in universities. Only occasionally would the fair market value of the equipment equal 25 percent of the original purchase cost.

We also would point out that federal agencies, under 42 USC 1891, are largely free to fund university research under either contracts or grants. Thus, essentially the same type of research might be done under contract for one agency and under a grant for another. Yet, H.R. 14451 would effectively bar the transfer of excess property to a university grantee while allowing the transfer if instead of a grant a contract had been awarded. This does not appear to us to be consistent with the purpose for which 42 USC 1891 was enacted, namely to simplify administration of the federal basic research programs. Accordingly, we urge that Section 202 (d) (1) (B) of the bill specifically exempt equipment used in university research programs.

The Act also would require federal agencies to retain title to such equipment furnished to grantees. Some agencies now transfer title of such excess equipment to universities where in the course of conducting research programs it may be modified to meet special project needs or be shared by several research staffs. If agencies were required to retain title to the equipment universities, and agencies, would be forced to undertake extensive and costly record keeping and reporting programs to keep track of numerous items of little intrinsic worth. One of the virtues of excess property used for scientific purpose is its use to repair or fabricate existing or new devices. The disassembly and conversion of such equipment would generate record keeping responsibilities so complex and costly that universities could not participate in the program. As a positive suggestion, we propose that agencies should retain title only to very costly equipment having a projected useful service life beyond the duration of the research project for which it is provided. Therefore we ask that the phrase "where title is retained in the United States" be deleted from Section 202(d) (2) (B).

The nation's basic research programs have benefited significantly from the federal excess property program, and we urge the Committee to weigh carefully the implications of these provisions as you consider H.R. 14451. We will be pleased to be of further assistance to you.

COMMITTEE ON GOVERNMENT OPERATIONS,
UNITED STATES SENATE,
September 9, 1976.

Re H.R. 14886—Presidential Transition Act Amendments.

Memorandum to: Senator Abraham Ribicoff.
From: Eli.

H.R. 14886 would amend the Presidential Transition Act of 1963 (P.L. 88–27) so as to provide a more realistic authorization for appropriations to facilitate Presidential transitions.

The Presidential Transition Act was enacted to promote the orderly transfer of executive power in connection with the expiration of the term of office of an outgoing President and Vice President and the inauguration of a new President and Vice President. It authorized the Administrator of General Services to provide, upon request, to the President-elect and the Vice President-elect suitable office space, payment of compensation of office staff, the detail of personnel from Departments and Agencies, the procurement of experts or consultants, payment of travel expenses and subsistence allowances and other necessary expenses. It also authorized the provision of such services to the outgoing President and Vice President, for a period not to exceed 6 months from the expiration of their terms of office.

The Act authorized the appropriation of $900,000 to cover such expenses which appeared reasonable in 1963. However, a review of the actual transition expenses

by the General Accounting Office, following the 1968 election, revealed that President Nixon incurred costs of $1.5 million. The GSA Administrator decided that the 900,000 should be divided equally between the incoming and outgoing administrations, leaving only $450,000 for President Nixon.

H.R. 14886 would increase the authorization to $3 million and provide that not more than $2 million would be available to the President-elect and Vice President-elect, and $1 million to the outgoing President and Vice President. In addition, the ceiling of $100 per day for experts or consultants, contained in the 1963 Act, would be removed so as to enable payment of the amount authorized under the Administrative Expenses Act which applies to all Federal agencies.

Witnesses will appear from OMB, GSA and GAO.

H.R. 14886 passed the House of Representatives on September 1, 1976. There is no opposition to enactment.

Memorandum to: Members of the Committee on Government Operations.
From: Bill Goodwin, Staff Director, Subcommittee on Oversight Procedures.
Subject: H.R. 14451, Distribution of Federal Surplus Property to State and Local Organizations.

H.R. 14451, a bill to reform the donable surplus property program, will be subject of hearings before the full Committee on Government Operations at 10:00 a.m. Monday, September 13.

This bill passed the House on August 24 by a vote of 340 to 51. Congressman Jack Brooks is the sponsor. The staff of the Subcommittee on Oversight Procedures has spent considerable time studying the donable surplus program and similar legislation which is pending in the Senate.

BACKGROUND

At present each state has an agency which is responsible for obtaining surplus federal personal property for public education, public health, and civil defense activities within the State. These three types of activities have been eligible to receive surplus property since enactment of the Federal Property and Administrative Services Act of 1949, under which the donable surplus property program is operated by GSA and the Department of HEW.

During the past several years there has been a proliferation of programs under which the federal government disposes of property it no longer needs to state and local organizations for a mutlitude of purposes. Chief among these is a program operated under section 514 of the Economic Development Act. Enacted in 1974, this provision authorizes excess personal property to be loaned or given outright without reimbursement to public bodies, tax supported organizations, Indian tribes, and nonprofit hospitals and colleges by the Regional Action Planning Commissions. The map on page 2 shows the locations of the existing regional commissions, through which local governments and other organizations are able to obtain property which has become excess to a federal agency's needs.

"Excess" property is persoal property no longer needed by a federal agency. Such property is made available to other agencies through GSA. On the other hand, property becomes, "surplus" when it has been declared excess to an agency's needs but not claimed by another agency. Under existing law, surplus property is made available for donation to public education, public health, and civil defense activities through the State surplus property agencies. If surplus property is not donated to the States, it is sold to the public on a bid basis.

The effect of section 514 of the EDA has been to greatly increase the amount of property claimed at the "excess" stage. As a result, the amount of property becoming "surplus" and available for donation to public schools, public health and Civil Defense units outside the EDA development regions has been reduced drastically.

For example, approximately half the counties in the State of Georgia are within the Coastal Plains Region. Any local government tax-supported activity, or nonprofit hospital or college within this region is eligible to acquire "excess" property. On the other hand, the other half of Georgia's counties are not eligible for excess property. They can acquire surplus property but only for education, health and Civil Defense activities. In effect, the Coastal Plains Region counties have a priority over the other half of Georgia's counties. The same can be said of the entire State of Texas, which is surrounded by states completely in the Ozarks or Four Corners Region.

The Appalachia Regional Commission does not participate in the EDA excess property program because it was created by separate legislation. Areas within the Appalachia Region participate only in the surplus property donation program through the State agencies. In West Virginia, for example, no county is eligible to participate in the excess property program; they must rely on the State surplus property agency, which has found most of the choice excess property already claimed by EDA activities in other States.

Under the donable surplus property program, HEW allocates property among the States. No such system exists in the EDA program; it is strictly a first come-first served operation in which a local government or college (within an EDA region) which finds the excess property usually gets it.

PROVISIONS OF H.R. 14451

H.R. 14451 is designed to combine the 28 property distribution programs now in existence into one central distribution system operated by GSA through the State agencies for surplus property. The bill does not apply to real property.

Rather than having several agencies operate excess property donation programs (in addition to EDA, the National Science Foundation provides excess property for its grantees), all "public purposes" would be treated equally. Excess property not actually needed by other federal agencies would become surplus, which GSA would allocate among the States. Economic development would be on a par with public education, public health, law enforcement, parks and recreation, fire protection, conservation, civil defense, or any other public purpose.

Each State would develop a plan for distribution of the surplus property within the State, based on criteria of need and utilization. That is, property would be assigned to State agencies of organizations which need the property and can utilize it. This standard has been applicable to the donable surplus property program since its inception. Presumably, underdeveloped counties would have a greater need for property than a State government, and GSA would develop guidelines to assure that property reaches the recipients with the greatest need and capability of using the property.

Granted, the EDA regions would lose their priority in acquiring property; nevertheless, they still would be able to obtain unneeded federal property through the State agencies. And since the State agencies would have greatly expanded functions, they would be under considerable pressure to use their increased revenue to expand their capabilities and expertise. (The State agencies are funded by service charges paid by the donees. There are no direct appropriations to them. The donee pays the State agency the cost of transportation and a fee based on the agency's operating costs.)

GROUPS INTERESTED IN THE BILL

The following groups have expressed interest in the bill:

(1) *The National Association of State Agencies for Surplus Property.*—These are the State surplus property agents, and they strongly support the legislation. They testified in the House that they have the staff and resources to handle their additional responsibilities under the bill.

(2) *GSA favors enactment.*—GSA would assume full responsibility for administering the program, including allocation to the States and issuing regulations governing distribution plans within each State. At present the Department of HEW administers the program, since the eligible recipients primarily are education and health activities. All HEW functions and personnel would be transferred to GSA.

(3) *Economic development regions.*—Naturally, the economic development regions, and the eligible local governments and other organizations within them, do not want to lose their priority through the excess property program. Consequently, they oppose the bill. Opposition can be anticipated from States entirely within a region.

(4) *Universities.*—Some universities and colleges within the economic development regions have been very active in acquiring excess property, either through EDA or NSF. They would lose their EDA priority, and would have to pay 25% of the original acquisition cost of all excess property obtained through NSF, with the exception of special-purpose research equipment for use in carrying out research grants. They oppose this 25% requirement, since it would for all

practical purposes close down the NSF excess property program except for specialized equiment.

(5) *State public education departments.*—In several states the surplus property agency is within the education department. Except for those States entirely within an economic development region, the education departments generally favor H.R. 14451. Although the bill would end the education priority for surplus property, they feel that education would fare better than at present since the EDA program is claiming most of the choice items.

(6) *The National Governors Conference.*—A representative of the Governors *Conference.*—A representative of the Governors Conference testified in support of the bill in the House. They feel that it would increase the role of the States in determining how federal property is distributed.

(7) OMB would prefer an outright revenue-sharing type of approach whereby all unneeded federal property would be turned over to the States for distribution however the States see fit. The bill is structured along these lines, although it requires considerable control and oversight by GSA. OMB favors enactment.

ARGUMENTS FOR THE BILL

Several arguments have been made in favor of the bill.

First, it would put all public purposes on an equal footing and eliminate the priority that economic development now has in certain parts of the Nation. In other words, all local governments, schools, hospitals, colleges, Civil Defense units, and other public organizations would each have an equal opportunity to acquire federal property.

Second, H.R. 14451 would increase the accountability for federal property by centralizing its distribution in one agency (GSA), acting through the State agencies. Auditing and utilization checks would be greatly simplified.

Third, it would reduce overall costs to the government and to participants. At present, each local government, planning district or university which wishes to obtain excess property must send its own employees out to locate and claim the property. This results in a mass duplication of effort and transportation costs. In addition, some local organizations are employing agents to do little other than seek excess property. Under the bill, these costs would be borne by the State agencies and passed along to the donees as part of the acquisition cost of each item.

Fourth, it would not end participation by the areas within economic development regions. They would still be able to acquire property when it becomes surplus, although they would lose the priority they now enjoy under section 514 of the EDA.

ARGUMENTS AGAINST THE BILL

The economic development districts and some universities have made arguments against the bill.

First, they claim that State governments would keep all the best property for themselves, thereby cutting it off from hard-pressed local governments.

Second, the universities claim that the State agencies are not competent to select the special type of research equipment much of it scientific—that they need.

Third, the universities (especially those in the far Northwest which must compete with California) claim that the quality of property is not distributed evenly among the States.

Fourth, the economic regions argue that it will end the priority now enjoyed by the neediest areas of the country.

Fifth, the EDA districts and universities claim that the service charges levied by the State agencies will increase their costs.

DEKALB COUNTY BOARD OF EDUCATION

DeKALB COUNTY COURTHOUSE
DECATUR, GA. 30030

James H. Hinson, Jr.
Superintendent

May 21, 1975

Senator Sam Nunn
United States Senate
3327 Dirkson Office Building
Washington, D. C. 20510

Dear Senator Nunn:

In an effort to locate some major earth-moving equipment, specifically, a bulldozer, front-end loader, and crane, we have been working with Mr. William D. Bennett, Chief of Surplus Property Services with the Georgia Department of Education. In our discussions with Mr. Bennett, we have found that education now receives a very low priority in the disposition of Federal surplus property. I have known of the Surplus Property Act for over twenty years and of the great benefits this Act has made possible for education. It appears that over the years the laws have permitted regulations to be devised and changed; consequently, many quasi-governmental agencies and organizations now receive a higher priority than education, leaving, in Mr. Bennett's words, "only the junk to education."

It is my understanding that Mr. Bill Goodwin, a member of your staff on the Subcommittee on Oversight Procedures of the Governmental Operations Committee, is already working on this matter. With your office, Senator Talmadge, Congressman Levitas and others we would like to contribute in any way we can to get this situation changed. We realize the difficulty in amending Federal laws and in dealing with the bureaucracy, but this needs to be done. We feel that it is high time for education to resume its rightful place at the top in the order of priority considerations from the Federal Government. Perhaps we can receive assistance in our efforts from the National School Boards Association, the American Association of School Administrators, the Council of Chief State School Officers, the National School Planners Association, and others.

We recognize the many excellent things you have done as a Junior Senator and what you are doing in behalf of education and other services. We commend and thank you for the leadership you are providing. I think it would be an invaluable service if you would ask Mr. Goodwin to advise us as to how we may go about providing input and bring this matter to the attention of those who could help us.

We have been working with Mr. Ron Farley in Congressman Elliott Levitas' office in Decatur on related matters, and you may wish to deal directly with Mr. Farley, who, in turn, will work with us.

Again, we appreciate the representation you are providing for the State of Georgia in the United States Senate. Please let us know if at any time we may be of assistance to you.

Sincerely yours,

W. M. Adams

Wilburn M. Adams
Associate Superintendent
for Business Affairs

WMA:jh

cc: Congressman Elliott Levitas
Mr. Ron Farley
Mr. William D. Bennett
Dr. C. W. McGuffey, Executive Secretary, Georgia School Planners Association
Dr. Jack Nix, President, Council of Chief State School Officers
Mr. Charles Pruett, President, Georgia Association of School Business Officials

DEKALB COUNTY BOARD OF EDUCATION

DEKALB COUNTY COURTHOUSE
DECATUR, GA. 30030

James H. Hinson, Jr.
Superintendent

MEMBERS

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Vice Chairman
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John S. Fletcher, Jr.
John L. Ramsey
John W. Truslove
David Williamson

May 21, 1975

Mr. William D. Bennett, Chief
Surplus Property Services
State Department of Education
1050 Murphy Avenue S. W.
Atlanta, Georgia 30310

Dear Mr. Bennett:

We appreciate so much your taking the time from your busy schedule to meet with us and discuss the surplus property situation.

As we indicated to you at our meeting, the DeKalb School System especially needs a front-end loader and a crane and parts to repair the bulldozer which we received from you. Any assistance you can provide in acquiring this equipment and parts will be very much appreciated.

As we discussed, it seems that the Federal laws governing the disposal of surplus property have permitted regulations to be developed and revised over the years so that education now receives a comparatively low priority. We would like to do what we can, along with others, to get these laws amended so that education can take its rightful place in receiving top priority by the Federal Government. Public education in our country is charged with the basic responsibility of providing education for the youth and adults of our nation, and thus should be considered by Congress as basic and essential to the welfare of the nation, and certainly before many of the quasi-governmental organizations and agencies which now receive a priority higher than education. We will work with Mr. Farley in Congressman Levitas' office and with the Georgia Senators in attempting to expose this problem and, hopefully, get the laws amended.

I am sending a copy of this letter to Mr. Charles Pruett, President of the Georgia Association of School Business Officials, and to Dr. C. W. McGuffey, Executive Secretary and a member of the Legislative Committee of the Georgia School Planners Association, and am requesting their assistance in this matter.

May I commend you for the fine job you are doing and thank you again for meeting with us.

Sincerely yours,

W. M. Adams

Wilburn M. Adams
Associate Superintendent for Business Affairs

WMA:jh

cc: Mr. Charles Pruett
Dr. C. W. McGuffey
Mr. Ron Farley
Congressman Elliott Levitas
Senator Sam Nunn

DEKALB COUNTY BOARD OF EDUCATION

DeKALB COUNTY COURTHOUSE
DECATUR, GA. 30030

James H. Hinson, Jr.
Superintendent

June 24, 1975

Senator Sam Nunn
United States Senate
3327 Dirkson Office Building
Washington, D. C. 20510

Dear Senator Nunn:

Yesterday I met in the State Department of Education with Dr. Cal Adamson, Associate State Superintendent of Schools; Mr. Bill Bennett, Chief of Surplus Property Services; Mr. Ron Farley, administrative aide to Congressman Elliott Levitas; Dr. Jerrell May, Director of Maintenance and Operations for the DeKalb School System; and Mr. Joe Brannon from your local office for the purpose of finalizing our position on the need to amend the laws governing the distribution of Federal surplus property.

Mr. Brannon contributed significantly to our discussion and I believe he will communicate the results of our meeting to Mr. Bill Goodwin. In the weeks ahead we will be involved in organizing the various educational groups who are concerned about this matter to write to the other Congressmen and adopt resolutions in support of this effort.

This is a most important matter to public education and we wish to thank you sincerely for your interest and concern and for your willingness to assist us in our efforts to get the situation changed.

Again, we appreciate all you are doing for education and for other services which affect the welfare of Georgia and the nation as a whole.

Sincerely yours,

W. M. Adams

Wilburn M. Adams
Associate Superintendent
for Business Affairs

WMA:jh

cc: Dr. Cal Adamson
Mr. William D. Bennett
Mr. Joe Brannon

Render Hill
SENATOR
DISTRICT 29
P. O. BOX 246
GREENVILLE, GEORGIA 30222

12 45 PM 1975

The State Senate
Atlanta

COMMITTEES:
INTERSTATE COOPERATION, CHAIRMAN
APPROPRIATIONS
INDUSTRY, LABOR & TOURISM
DEMOCRATIC CAUCUS, CHAIRMAN
EREG

September 19, 1975

The Honorable Sam Nunn
110 Russell Building
Washington, D. C. 20510

Dear Senator Nunn:

It has been brought to my attention that House Resolution 9152 is very much needed by our civilian defense unit.

Our unit has become very active since Mr. Hoke Smith took in charge and he has done an outstanding job for Meriwether County.

It is my honest belief that with this resolution acted into law, that we can continue to go forward in this work.

Come to see us when you are in this area. With kind personal regards to you and your family, I remain

Sincerely,

Render Hill

Render Hill
Senator, District 29

RH:vgb

SEP 25 12 42 PM 1975

CLAUDE A. BRAY, JR.
Representative, District 70
Bray Building
Manchester, Georgia 31816
Telephone: 404-846-8495

House of Representatives

Atlanta, Georgia

COMMITTEES
JUDICIARY
STATE OF REPUBLIC, VICE CHAIRMAN
WAYS & MEANS
Real & Intangible Tax, Secretary

September 22, 1975

SUBCOMMITTEE ON

RECEIVED
SEP 26 1975
OVERSIGHT PROCEDURES

Senator Sam Nunn
Senator of the United States
United States Senate
Washington, D.C.

Dear Sam:

A constituent of mine and yours, Mr. Hoke H. Smith, who is director of the Meriwether County Civil Defense, has requested me to write urging you to support HR-9152. Any consideration that you might give to this request would be appreciated, or your looking into the merits of this bill.

I hope that you are doing well, and certainly did appreciate your visit by our office. I told Dixon you were by, and he regretted missing you. Stop by and see us whenever you can.

With warm personal regards.

Sincerely yours,

Claude A. Bray, Jr.

CAB/fab

City of Fitzgerald, Georgia

Executive Department

Gerald H. Thompson
MAYOR

Fitzgerald, Georgia 31750

Alvie L. Dorminy
CITY ADMINISTRATOR

August 13, 1976

Senator Sam Nunn
U. S. Senate
Washington, D. C.

Dear Senator Nunn:

The City of Fitzgerald is asking your support on H. B. 14451. This Bill would be most beneficial to all local Governments.

Thanks for your cooperation.

Sincerely yours

ALD/cp

Alvie L. Dorminy
City Administrator

STATE OF GEORGIA
DEPARTMENT OF EDUCATION
OFFICE OF THE STATE SUPERINTENDENT OF SCHOOLS
STATE OFFICE BUILDING
ATLANTA 30334

JACK P. NIX
State Superintendent of Schools

October 8, 1975

Honorable Sam Nunn, Member
United States Senate
110 Russell Senate Office Building
Washington, D.C. 20510

Dear Sam:

For the past several years, the quantity and quality of property available through the Federal Surplus Property Program have declined considerably. The major cause of this decline has been the distribution of excess property through the Economic Development Regional Commission - Coastal Plains and Appalachian Development - in Georgia.

Congressman Brooks on July 31, 1975, introduced a bill, H.R. 9152, which if enacted into law could remedy some of the problems we have experienced with our surplus property program in past years. Basically, I agree with the concept of curtailing the excess property program and flowing this property through the individual state agencies for surplus property to eligible recipients. I do not agree that a complete reorganization of our surplus property activities is necessary to accomplish this end.

In Georgia, the State Agency for Surplus Property has served educational, health, and civil defense governmental units quite satisfactorily and efficently for a number of years. The only major problem we have experienced is the decline of usable surplus property after passage of Section 514 of the Public Works and Economic Development Act of 1965. A bill designed to repeal this section of the Public Works Act while cautiously expanding the eligible recipients of federal surplus property would satisfy the needs of local governmental agencies without seriously disrupting the administrative framework we have carefully built in this program over the past 30 years. I recommend that you support such legislation which will permit the repeal of Section 514, the careful

expansion of eligible surplus property recipients, and the maintenance of the organizational and administrative framework developed for the surplus property program over the previous years.

Thank you for your past help in public education and your consideration of this current concern.

With warm personal regards, I am

Sincerely,

Jack P. Nix
State Superintendent of Schools

JPN:lf

DEPARTMENT OF ADMINISTRATIVE SERVICES

ERNIE O'NEAL
Commissioner

ROOM 124 TRINITY-WASHINGTON BLDG.
270 WASHINGTON ST. S.W.
ATLANTA, GEORGIA 30334

JIM ROBERTS
Deputy Commissioner

May 22, 1975

Honorable Sam Nunn
U.S. Senator
110 Russell Senate Office Building
Washington, D. C. 20510

Dear Senator Nunn:

The Department of Administrative Services administers the State Surplus Property Program in Georgia. We are also members of the National Association of State Purchasing Officials, a national group, which meets periodically to share State problems and the area of purchasing and surplus property disposal.

During our discussions with various National Association State Purchasing Officials an Ad Hoc Interagency Study Group on Utilization of Excess Federal Property was formed to work with the Federal Office of Procurement Policy which is a part of the Office of Management and Budget. As result of the studies conducted by this Ad Hoc Committee, certain changes were recommended in the handling of federal excess and surplus property which would greatly enhance federal/state relations in this area.

We, in our Department, are highly interested in Federal and State coordination in this area and would like to work with you regarding proposed legislation which has been submitted to OMB. We endorse the concept of this legislation and would recommend that the Governor of each State be the administrator of the Federal Surplus Property Program in order that the State of Georgia can participate fully and receive wide State agency utilization and benefits which may be generated through the Surplus and Excess Property Program.

Very truly yours,

Ernie O'Neal
Commissioner

EO:jc

NATIONAL ASSOCIATION
OF STATE UNIVERSITIES
AND LAND-GRANT COLLEGES

One Dupont Circle, Washington, D. C. 20036 202 293-7120

October 13, 1975

Mr. W.J. Goodwin, Jr.
Subcommittee on Oversight Procedures
of the Senate Committee on Government
Operations
502 Carroll Arms Hotel
Washington, D.C. 20510

Dear Mr. Goodwin:

As we discussed on the phone last Friday, many of the member institutions of this Association are seriously concerned over proposals in H.R. 9152 which, in their opinion, would adversely affect the Excess Property Program. Since so many of the institutions are concerned with this matter, we respectfully request that when hearings are held by the Subcommittee on Oversight Procedures on the bill, should your hearing schedule permit it, we would appreciate the opportunity of testifying on the bill. From recent conversations with representatives of our institutions, I gather that there is much in the proposed legislation which they would like to support, but they have several specific recommendations for changes in Title III the proposed legislation which they would like to have considered by the members of your subcommittee.

I understand that no hearing schedule has as yet been determined. I would be grateful to be notified when such a schedule is established and if our membership would have an opportunity to testify.

Thank you for your consideration.

Sincerely yours,

Jerold Roschwalb
Director of Governmental Relations

JR/ah
cc: Jack Crowley

WAYCROSS PUBLIC SCHOOLS
1200 COLLEY STREET
P. O. BOX 1699
WAYCROSS, GEORGIA 31501

MIKE M. JONES
SUPERINTENDENT

May 27, 1976

The Honorable Sam Nunn
110 Russell Senate Office Building
Washington, D. C., 20510

Dear Senator Nunn:

I would like to request assistance in establishing a higher priority for surplus equipment to school systems. Under the present system a governmental agency, along with Hospital Authority, Civil Defense and Boy Scouts have a higher priority than public educational institutions.

Surplus military property is valuable in terms of usage; also in terms of cost to local Boards of Education. I am requesting we be given top priority in obtaining military surplus personal property.

Enclosed is an application for a cargo truck I recently picked up in Hinesville, Georgia. There were hundreds of similar trucks that should have been available to public education but because of our low priority these trucks were being sold to the highest bidder, also placed with Red Cross, Boy Scouts and Civil Defense. The Waycross School System could have used additional trucks if they had been available to us and I am sure other school systems could have utilized these vehicles.

I would appreciate any assistance you could give in establishing a higher priority for school systems to obtain Government Surplus Property.

Sincerely,

Mike M. Jones
Superintendent

MMJ:cc

Enclosure is available in subcommittee files.

Coweta County School System
P. O. DRAWER 280, NEWNAN, GEORGIA 30263 · (404) 253-3530

SEP 22 12 51 PM 1975

ROBERT LEE, Ed. D.
Superintendent

September 19, 1975

Senator Sam Nunn
Washington, D. C.

Dear Senator Nunn:

We are urging you to support HR 9152. The surplus property property program has saved our school system untold numbers of tax dollars, and we are sure expansion of this program to include excess property would be even more valuable.

We sincerely urge you to work actively for the bill.

Very truly yours,

Robert Lee

Robert Lee, Superintendent
Coweta County School System

RL:ac

ATLANTA PUBLIC SCHOOLS
ADMINISTRATION BUILDING 224 CENTRAL AVE., S.W. ATLANTA, GEORGIA 30303

OFFICE OF
ASSISTANT SUPERINTENDENT
FOR SCHOOL PLANT
PLANNING AND
CONSTRUCTION

12 September 1975

The Honorable Sam Nunn
United States Senate
Washington, D. C. 20515

Dear Senator Nunn:

We are enclosing a copy of a resolution that was adopted by the Atlanta Board of Education on August 11, 1975.

We urge your favorable consideration of this resolution. Your interest in education and other services which affect the growth of the youth of our country, state, and nation is very much appreciated.

Sincerely yours,

Darwin Womack

Darwin W. Womack
Assistant Superintendent
Facilities Services

DWW:tgb

Encl:

REPORT NO. 75/76-7005

RESOLUTION TO SUPPORT EDUCATIONAL INSTITUTIONS
IN THE DISTRIBUTION OF FEDERAL SURPLUS PROPERTY

WHEREAS, The Federal Property and Administrative Services Act of 1949, as amended, was enacted by the United States Congress for the purpose of providing an appropriate way of disposing of surplus property; and

WHEREAS, The intent of this legislation was to assign this property to public agencies and to serve the public interest; and

WHEREAS, Public education is basic to the educational, cultural, and economic welfare of our nation; and

WHEREAS, For many years public education received high priority as an eligible recipient of Federal surplus property; and

WHEREAS, Over the years laws have been passed and amended authorizing certain organizations and agencies, many of which are seemingly more remotely related to the public interest than is education, to receive a higher priority than education; and

WHEREAS, At the present time the State agencies charged with the administration of this program are continuing to receive less and less usable property and are receiving only property which, in many cases, is obsolete and in such condition that it would not be economically feasible to repair or utilize.

NOW, THEREFORE, BE IT RESOLVED, That the Congress of the United States should enact and amend laws to equalize the distribution of the excess property so that education is placed on the same priority as all other Non-Federal recipients; and

BE IT FURTHER RESOLVED, That copies of this resolution be sent to the President of the United States, the Vice President of the United States, and Senators and Congressmen from Georgia.

TO WHOM IT MAY CONCERN:

This is to certify that the above resolution is an exact copy of the one adopted by the Board of Education of the City of Atlanta meeting in regular session August 11, 1975.

Ira R. Benton

Ms. Ira R. Benton, Secretary
ATLANTA BOARD OF EDUCATION

PIEDMONT COLLEGE
DEMOREST, GEORGIA 30535

SEP 22 11 37 AM 1975

Office of the President:
JAMES E. WALTER, President

Telephone 723-3691

September 19, 1975

Senator Sam Nunn
United States Senate
Washington, D. C.

Dear Senator Nunn:

For over two decades Piedmont College has benefited in a variety of ways through the materials received on purchase through the Surplus Property Distribution program, under the supervision of the State Superintendent of School. In our building of a better set of buildings and facilities, we learned to use to advantage materials that were re-adapted and fashioned to meet our needs. As a "self-help college," we learn to appreciate the used materials. Desks, chairs, items of every description can be found even now in our modern buildings. We count it no disgrace to use up and to refinish the quality materials received through Surplus Property Distribution.

I have read the analysis of H.R. 9152 as presented by Mr. W. D. Bennett, and I support the bill. I would be happy to see you introduce similar legislation in the Senate.

Sincerely,

James E. Walter

W/jg
cc: Mr. W. D. Bennett, Administrator
Surplus Property Services

Jeff Davis County Civil Defense

PHONE 912 375-5833 • P. O. BOX 308 • HAZLEHURST, GA. 31539

AUG 23 10 01

MARCUS TROWELL
Director

SUBCOMMITTEE ON
RECEIVED
AUG 2 1 1976
OVERSIGHT PROCEDURES

August 19, 1976

Honorable Sam Nunn
110 Russell Senate Office Bldg.
Washington, D.C. 20510

Dear Sir:

I would like to take this opportunity to bring to your attention the fact that the Excess Property and Surplus Property Program for the Civil Defense has been canceled.

I would appreciate it if you would check into this matter for the Civil Defense Rescue Units of Georgia. If there is any way possible to get this program re-instated, it would be greatly appreciated.

This program is the only way Rescue Units can survive due to the fact that most Units do not have enough funds to operate without the Surplus equipment they receive from the Federal Government.

Any help and advice would be greatly appreciated.

Sincerely,

M. E. Trowell

M. E. Trowell
Jeff Davis County
Civil Defense Director

MET/bh

HABERSHAM COUNTY CIVIL DEFENSE
COURTHOUSE — ROOM 2
CLARKESVILLE, GEORGIA 30523
MAILING ADDRESS: ROUTE 1, CLARKESVILLE, GEORGIA 30523

August 18, 1976

BARRY CHURCH
Director

PHONES:
DAY — 754-9881
NIGHT — 754-4627

Honorable Sam Nunn, Senator
110 Russell Senate Office Building
Washington, D.C. 20510

Dear Senator Nunn:

This letter is in reference to the Surplus Property Bill now up for legislation. This year has been a very crucial year for Civil Defense at National, State, and local level. There has been many major cut backs in the program in funding and also other areas.

One of these is the Surplus Property Bill which is coming up to be voted on on August 24, 1976. This bill is HR-14451. I urge you strongly to vote against this bill as this will take access to surplus property completely out of Civil Defense.

This Surplus Property is a very valuable source of material for local governments and is needed drastically when there has been cuts in revenue sharing and other Federal aid to local governments. If this bill passes it will greatly reduce the emergency capabilities of Civil Defense not only in nuclear disasters but man-made and natural disasters. It would also cause local governments to seek other sources for equipment and supplies when budgets at local government levels are very strained.

Again I strongly urge you to vote against this bill to help us maintain the status that we have been operating on to better serve you and the residents of the areas that you represent in a very efficient manner.

Sincerely,

Barry Church

Barry Church, Director/Co-ordinator

BC:br

THE UNIVERSITY OF GEORGIA
ATHENS
30601

OFFICE OF THE PRESIDENT

SEP 29 12 54 PM 1975

September 24, 1975

The Honorable Sam Nunn
United States Senate
Washington, D. C. 20510

There is currently before Congress, Sam . . .

. . . a bill (HR 9152) which would amend the Federal Property and Administration Services Act of 1949 and adversely affect universities throughout the country by eliminating their eligibility for excess personal property. Additionally, this bill and an OMB draft bill will repeal a section of the Public Works and Economic Development Act of 1965. The purpose of this communication is to urge you to assist in eliminating sections 3 and 6 of the proposed House Bill (HR 9152) and Section 6 of the OMB draft bill.

Under the present law, federal grantees are eligible to receive excess personal property from the federal government. The University of Georgia has benefited from this program through receipt of $5-6 million worth of equipment since 1970. These items have been invaluable in assisting the University to provide equipment necessary for research programs supported by the federal government. This vital assistance was made available at virtually no additional expense to the federal government since the equipment in question had already been purchased, was in excess to current needs, had to be disposed of, and the cost of transportation, handling, and maintenance was assumed by the University.

The effect of Section 3 of HR 9152 would be devastating to the continued growth of the instructional and research programs at the University of Georgia as well as at other institutions. Under proposed regulations, excess property would only be available to federal agencies for their exclusive use until such time as no interest was expressed in the item. Then the equipment would be made available to the General Services Administration (GSA) for distribution through the surplus property program. In our opinion, this method of distributing scientific equipment is often wasteful and destructive.

Much of the equipment available through excess property is highly sensitive scientific apparatus which does not lend itself to GSA methods of warehouse storage. An excellent example is a spectrophotometer recently obtained by the University of Georgia through the federal excess property program. The optics in this instrument are extremely sensitive to moisture. Storage for a month or two in standard GSA facilities, a not unusually long storage

September 24, 1975

period, would irreparably damage this instrument. The standard handling used by GSA central facilities could also cause it irreparable harm.

Property in the excess property program is advertised and made available on a national basis. Distribution is on a first come, first serve basis. Primary users at all federal agencies and grantee institutions have access to all excess property, even the smallest grantee in the most remote location. On the other hand, GSA surplus property is made available on a regional basis with virtually no cross-regional reference. Agencies in regions with limited federal facilities are severely restricted to equipment used in their area. A mid-west institution needing a piece of property readily available in the southeast might never know of its existence because of the lack of communication in the surplus property program, and might purchase new equipment with federal grant money while operable but hidden equipment is sold for junk.

GSA screeners will be responsible for determining which excess property will be brought into the surplus property system. It is impossible for these screeners to be fully aware of institutional needs or equipment usability. Conceivably, needed equipment could be unclaimed because its existence and availability was never made known to its users.

The excess property program requires virtually no overhead expense for the federal government and only transportation and fragile handling expenses for the institution. The GSA surplus property system adds considerable expense for harmful and self-defeating, middle-man activities such as screening, handling, and warehousing.

In addition to the harmful effects of Section 3, the inclusion of Section 6 of HR 9152 and Section 6 of the OMB draft bill would repeal Section 514 of the Public Works and Economic Development Act of 1965 which contains authorization for the Coastal Plains Regional Commission. The Commission's purpose is to upgrade the economy of the Coastal Plains area of North and South Carolina and Georgia. It is cooperating with the University of Georgia and other institutions to provide research and service programs in many areas such as the marine fisheries and seafood processing industries. It supports extension activities for a variety of private firms and governmental agencies and provides capital improvement funds and various instructional programs in areas such as marine science and marine resources.

Those portions of the bill dealing with Surplus Property and warehouse management reassignments from DHEW to GSA will not adversely affect this institution. However, the inclusion of Sections 3 and 6 could cause considerable damage to our ongoing research and instructional programs, and may necessitate additional, unnecessary funding requests to federal agencies for scientific apparatus available but hidden in the GSA system. Your assistance in eliminating these provisions of HR 9152 and the OMB draft bill will be sincerely appreciated.

Very truly yours,

Fred C. Davison

jw

NORTH GEORGIA AREA PLANNING & DEVELOPMENT COMMISSION
212 N. PENTZ ST., DALTON, GEORGIA 30720 (404-226-1672)
GEORGE SUTHERLAND, EXECUTIVE DIRECTOR

November 26, 1975

The Honorable Sam Nunn
Senator of the State of Georgia
3327 Derksen Senate Office Building
Washington, D. C. 20510

Dear Senator Nunn:

It is my understanding that HR-9152, if passed through the Congress, will preclude local governments from participating in the Federal Excess Properties Program. As you no doubt are aware, many local government functions such as Civil Defense and rural fire protection are better because of the availability of equipment through the Federal Excess Property Program. I would, therefore, encourage you to vote in opposition to HR-9152 or a related companion bill whenever you have the opportunity. Why eliminate a proven means of providing for the people of the United States the benefits of already expended tax dollars?

Thank you in advance for your attention to this matter. As always, I know you will cast your vote for "the people". I just wanted to call this bill to your attention.

Sincerely,

George mc

George Sutherland
Executive Director

GS/mc

Telegram

SUBCOMMITTEE ON
RECEIVED
SEP 15 1976
OVERSIGHT PROCEDURES

WFA100 WAF335(1452)(2-037536E258)PD 09/14/76
ICS IPMBNCZ CSP
A053895488 TDBN ARDMORE OK 468 09-14 0241P EST
PMS SENATOR SAM NUNN
110 RUSSELL SENATE OFFICE BLDG
WASHINGTON DC 20510
DEAR SENATOR NUNN:
I WOULD LIKE TO TAKE THIS OPPORTUNITY TO EXPRESS MY SINCERE APPRECIATION FOR ALLOWING ME TO TESTIFY BEFORE YOUR SUBCOMMITTEE AS RELATING TO HR14451.
AS I POINTED OUT TO YOU IN MY TESTIMONY, IF HR14451 PUTS LOCAL GOVERNMENTS AT THE MERCY OF STATE PROPERTY OFFICES AND THEIR EMPLOYEES; AND TO PROVIDE NO METHOD BY WHICH LOCAL GOVERNMENTS CAN COMPETE FAIRLY FOR EXCESS FEDERAL PROPERTY, THEN I URGE YOU AND OTHER MEMBERS OF THE SENATE TO DEFEAT THE BILL OR AMEND IT SO THAT LOCAL GOVERNMENTS GET FAIR AND EQUITABLE TREATMENT TOWARD EXCESS FEDERAL PROPERTY.
DURING THE HEARINGS YOU NOTED THAT UNDER THE PRESENT SYSTEM SOME TOWNS AND COUNTIES WERE NOT ELIGIBLE FOR EXCESS FEDERAL PROPERTY; HOWEVER, PRIOR TO 1974, NO TOWNS OR COUNTIES WERE ELIGIBLE FOR EXCESS FEDERAL PROPERTY. IF HR14451 IS PASSED THEN THE PRE-1974 SITUATION WILL AGAIN APPLY, FOR NO TOWNS AND COUNTIES WILL BE ELIGIBLE FOR EXCESS FEDERAL PROPERTY. UNDER THE NEW LAW THEY WILL HAVE TO GO THROUGH AN ELABORATE STATE SYSTEM TO GET EQUIPMENT EARMARKED AS "SURPLUS" WHICH AFTER 30 YEARS OF EXPERIENCE IS A WORD SYNONYMOUS WITH "JUNK".
I WOULD SUGGEST THAT A MECHANISM BE PUT INTO THE BILL WHEREBY CONSORTIUMS OF CITY AND COUNTY GOVERNMENTS IN ALL OF THE 50 STATES CAN JOIN TOGETHER TO DEVELOP THEIR OWN EXCESS PROPERTY SCREENING AND PROCUREMENT PROGRAMS AND THAT THOSE CONSORTIUMS DEVELOPED FOR EXCESS

PROPERTY PURPOSES BE ACKNOWLEDGED AS HAVING EQUAL STATUS WITH STATE PROPERTY PROGRAMS.

FURTHER, I WOULD RECOMMEND THAT THE BILL REQUIRE COORDINATION BETWEEN THOSE CONSORTIUMS OF LOCAL GOVERNMENT AND THEIR RESPECTIVE STATE PROPERTY OFFICES AND THAT THOSE AGREEMENTS BE USED AS CERTIFICATION TO THE GENERAL SERVICES ADMINISTRATION THAT MAXIMUM UTILIZATION, EFFICIENCY, AND ACCOUNTABILITY WILL BE CERTAIN WITHIN THE STATES WHERE SUCH AGREEMENTS HAVE BEEN REACHED.

FURTHER, IN LIGHT OF COMMENTS MADE IN THE HEARINGS ON SEPTEMBER 13, 1976, I WOULD ALSO URGE THAT THE SENATE MOVE TO HOLD THE OLD HEARINGS ON THIS MATTER SO THAT THEY MIGHT HEAR FIRST HAND HOW EXCESS FEDERAL PROPERTY IS ACTUALLY AFFECTING LOCAL GOVERNMENTS.

SENATOR NUNN, IT IS MY CONSIDERED OPINION THAT HR14451 WAS WRITTEN FOR GAO, GSA, OMB, HEW, AND STATE PROPERTY OFFICERS AND NO ONE ELSE. IT SMACKS OF BEING NOTHING BUT A BILL WRITTEN BY A BUNCH OF BUREAUCRATS WHO DON'T WANT ANY (FLACK OR FLAP) FROM THE LOCAL PEOPLE WHO THE PROGRAM IS SUPPOSED TO ASSIST.

YOUR INTEREST IN THIS MATTER IS HIGHLY APPRECIATED AND I AGAIN WISH TO THANK YOU FOR HEARING "OUR SIDE OF THE STORY". IF OUR STORY WAS HEARD TOO LATE IT IS TRAGIC BECAUSE IT IS OBVIOUS THAT LOCAL PEOPLE WERE NOT HEARD IN THE HOUSE NOR WAS THERE ANY ATTEMPT MADE TO HEAR FROM THEM.

WITH WARMEST REGARDS,

ORLIE J POEHLER, EXECUTIVE DIRECTOR, SOUTHERN OKLAHOMA DEVELOPMENT ASSOCIATION, PO BOX 3129, ARDMORE AIRPARK, OKLAHOMA 73401

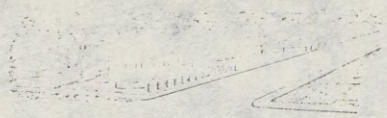
WUI WESTERN UNION TELEGRAM

Telegram

ZES($927)(1-037415A260)PD 09/17/75 1526
ICS IPMAAAC ATL SEP 18 3 33 PM 1975
03051 FR GAINESVILLE GA 18 09-17 345P EDT
PMS SENATOR SAM NUNN
SENATE OFFICE BLDG
WASHDC
STRONGLY URGE YOUR SUPPORT IN INTRODUCTION INTO THE SENATE OF HR BILL 9152 REGARDING SURPLUS & EXCESS PROPERTY
MAYOR JAMES A HARTLEY
CITY OF GAINESVILLE GA

SEP 2? 19[illegible]

[illegible] RECREATION COMMISSION



11TH AND CEDAR STREETS
P. O. BOX 758
PHONE 919-738-3074

LUMBERTON, N. C.
28358

WILLIAM SAPP, DIRECTOR-TREASURER

September 20, 1976

The Honorable Abraham Ribicoff
Russel Senate Office Building
United States Senate
Washington, DC 20510

Dear Senator:

The U.S. House of Representatives on 24 August passed by a vote of 340-51 H.R. 14451, Distrubution of Federal Surplus Property to State and Local Organizations. The bill allows public park and recreation agencies (among other state and local agencies) to receive federal surplus personal property. It is our understanding that the Senate Committee on Government Operations must now consider and report the bill prior to a vote by the U.S. Senate. As a member of the Government Operations Committee, we respectfully ask and urge your personal action to this legislation to seek its passage prior to the October Congress adjournment.

Sir, the one thousand members of the North Carolina Recreation and Park Society have sought long and valiantly for approval of this legislation. Though granted subsidy through federal funds for needed capital improvement programs in our local cities and towns, we remain one of the few agencies of government relying on local monies from government and community groups for operation costs. Being granted opportunity to secure many items of supplies and equipment for recreation program operation at minimum costs would be a most valuable aid in stretching operating funds to provide improvement and beneficial park and recreation services to local citizens.

Very respectfully yours,

William Sapp

William Sapp, Chairman
NCRPS Legislative Committee

WS:mas

ROGERS
s Road
Kaukauna, Wisconsin 54130

Telephone: (414) 766-2684

Room 113 North
State Capitol
Madison, Wisconsin 53702

Telephone: (608) 266-0610

SEP 24 1976

WISCONSIN LEGISLATURE
ASSEMBLY CHAMBER
MADISON
53702

REPRESENTATIVE
5th District

VICE-CHAIRMAN:
Committee on Highways

MEMBER:
Committee on Veterans and Military Affairs
Committee on Education
Joint Committee for Review of Administrative Rules
Menominee Indian Study Committee

DEMOCRATIC CAUCUS CHAIRMAN

GOVERNMENT OPERATIONS COMM.

September 21, 1976

The Honorable Abraham Ribicoff
United States Senator
Senate Office Building
Washington, D. C. 20510

Dear Senator Ribicoff:

It has come to my attention that you are considering holding public hearings on HR 14451, the so-called "Federal Property and Administrative Services Act." I would urge you to keep this bill bottled up in Committee and let it die when Congress adjourns on October 2.

This bill will have a very harmful effect on Wisconsin's vocational and technical schools. As you may know, Wisconsin has developed a very excellent system for vocational, technical, and adult education. These schools are very dependent on obtaining surplus government property at a reasonable cost. With passage of 14451, these schools will literally be priced out of the surplus property market. The effect would be to significantly diminish our ability to maintain a quality educational system in Wisconsin without further increasing the current heavy tax burden in our state.

Again, please do what you can to see that this bill does not see the light of day in the Senate.

Thank you for your interest in this matter.

Sincerely,

William J. Rogers
State Representative
5th District

WJR/vz

OFFICE OF THE SECRETARY
RESOURCES BUILDING
1416 NINTH STREET
95814
(916) 445-5656

Department of Conservation
Department of Fish and Game
Department of Navigation and Ocean Development
Department of Parks and Recreation
Department of Water Resources

EDMUND G. BROWN JR.
GOVERNOR OF
CALIFORNIA

Air Resources Board
Colorado River Board
San Francisco Bay Conservation and Development Commission
Solid Waste Management Board
State Lands Commission
State Reclamation Board
State Water Resources Control Board
Regional Water Quality Control Boards
Energy Resources Conservation and Development Commission

THE RESOURCES AGENCY OF CALIFORNIA

SACRAMENTO, CALIFORNIA

September 22, 1976

SEP 27 1976

Honorable Abraham Ribicoff
United States Senator
452 Senate Office Building
Washington, D. C. 20510

Dear Senator Ribicoff:

I am writing in support of the passage of HR 14451 which is presently under consideration by the Senate's Government Operations Committee.

This bill would change existing law in order to provide a wider and more equitable distribution of federal surplus property. Organizations such as the California Conservation Corps which are engaged in conservation work do not presently qualify as recipients of federal surplus property. However, the need for governmental action in environmental matters continues to increase. It would be a logical and beneficial act to make agencies involved in environmental affairs eligible to receive such surplus property. Since HR 14451 would accomplish this, I therefore urge you to see that the bill is passed into law before the closing of this Congressional session.

Sincerely yours,

Boyd E. Hornor
Consultant
California Conservation Corps

cc: Honorable Alan Cranston
Honorable John Tunney

Honorable Josiah H. Beeman
Washington, D. C., Office
State of California
1101 - 17th Street, N.W., Suite 708
Washington, D. C. 20036

ELLA GRASSO
GOVERNOR

STATE OF CONNECTICUT
DEPARTMENT OF STATE POLICE
100 WASHINGTON STREET
HARTFORD, CONNECTICUT 06101

EDWARD P. LEONARD
COMMISSIONER

SEP 27 1976

September 23, 1976

GOVERNMENT OPERATIONS COMM.
RECEIVED
SEP 28 1976
WASHINGTON, D.C. 20510

Honorable Abraham A. Ribicoff
United States Senator
337 Russell Senate Office Building
Washington, D. C. 20510

Dear Senator Ribicoff:

The U.S. Senate has under its immediate consideration H.R. 14451, which has already passed the House. This Bill authorizes the donation of surplus federal property to various public and eleemosynary agencies and institutions for a number of purposes set forth in the Bill, including public safety.

If this Bill is enacted into law, it may enable our agency to acquire much needed equipment at no cost to us.

Since Congress probably will adjourn about the end of this month, we are asking for your support of this Bill. Otherwise, the benefits accruing from this Bill will be lost for at least a year, or perhaps longer.

Sincerely,

Col. Edward P. Leonard
COMMISSIONER

EPL:dcl

September 8, 1976

Senator Abraham A. Ribicoff
Chairman, Senate Government Operations Committee
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

We in education appreciate this opportunity of expressing our views on H.R. 14451, a bill to improve programs providing excess and surplus property to eligible institutions within the States. We particularly appreciate this opportunity since educational institutions were not represented at all in the House hearings held several months back. In fact, we were not even aware that this change was being considered. This is most difficult to understand since Congress in its wisdom over the past 30 years saw fit to limit the donation of surplus property to public health, educational and civil defense activities, and during this entire period education received the major portion of this property (approximately 70 percent).

Periodically and regularly, other organizations and activities have sought expansion of eligibility. As mentioned above, Congress refused to open wide the doors, as is proposed in H.R. 14451, because it recognized that such action would so dilute the benefits among so many additional eligible organizations as to greatly reduce its effectiveness for each.

We have studied H.R. 14451 and have read the hearings of the Subcommittee of the Committee on Government Operations of the House of Representatives, Ninety-fourth Congress, with interest and great concern. We certainly support the concept and the stated purpose of H.R. 14451 to provide for the orderly disposal of surplus Federal property. However, we cannot support some parts of this legislation. The House recognized that the Donation Program is now being administered in a very effective manner and commended those presently responsible during the initial hearings. This Program has done great good--it has made property with an acquisition cost of approximately $400 million per year available to our schools, hospitals, and civil defense units across the Nation. This accomplishment has, we understand, been realized with an appropriation each year of less than one and one-half million dollars. This Program

has been practically void of scandal, misuse of property, and all other wrongdoings. Can we believe for one minute that this record is going to be improved? Under the present program, property with an acquisition value of $266.00 was made available for the education or care or protection of all our citizens for every tax dollar spent in administering it. I doubt that this record can come anywhere close to being matched by any other Federal assistance program now or in the future.

Why is it proposed that service educational activities continue to receive priority for DOD property, NSF grantees continue to enjoy a priority, State Forestry Program continues with priorities? Do health and education institutions not deserve this same consideration?

We certainly do concur that those abuses mentioned in the report of the hearings in the House should be corrected, but please identify them. For the most part they do not relate to any of those programs being affected by this proposed legislation, and none of them relate to the Donation Program that has been serving education so well.

One must wonder why it has been proposed to change the priorities or administration of the Program. Cannot abuses be corrected without disrupting a well-managed program that is and has been serving the needs of the people as determined appropriate by our Congress? The hearings seem to indicate that most of the abuses discussed involved property acquired by the Forestry Service or by the Office of Economic Opportunity. It would appear that the responsible officials could be required to clean up this situation by recovering such property and by discontinuing "rubber-stamping" their approval on request for property under the excess program.

We do not believe it is in the best interests of the citizens of the United States to expand the list of activities eligible to receive donations of Federal surplus property as proposed under (j)(3), (page 3) of H.R. 14451. To do so would make so many institutions eligible that none would realize any measurable benefits. In fact, if the property is spread so thin in an unreasonable effort to serve everyone, no one could afford to visit the State Agency warehouses for the purpose of inspecting and picking-up that small amount of property that would be available to each, assuming it would be made available on an equitable basis.

We also must remember that this valuable resource of approximately $288 million (70 percent of the annual total of $400 million) has

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become a way of life with educational institutions. We depend on this resource--thousands of desks, chairs, machine tools, and many, many items so valuable in educating our youth that its a part of our budgeting process. If you take it away, we must look elsewhere for a replacement. This would have to be in the form of appropriated funds--more tax dollars. Since when has the importance of education been reduced in the eyes of Congress to this extent?

Mention is made of the vast quantities of property available that no one is taking. This is very misleading, and in fact, totally untrue unless you want to consider stripped combat aircraft, ships, weapons, ammunition shells and thousands of other items with absolutely no value other than its material content. However, should we be wrong, and I know we are not, let these newly proposed eligibles receive this property after the currently eligible activities have satisfied their requirements to the extent they can from existing stocks.

From the information contained in the hearings we agree that Section 514 of the Public Works and Economic Development Act of 1965 should be repealed.

In summary, we are strongly opposed to that part of the proposed legislation that would unquestionably so dilute available property among so many eligibles as to cause the program to serve no one a real purpose. This, coupled with the fact that the Federal Government is now generating far less good usable surplus property than it has in the past many years, and at a time when the present donees' requirements are greater than ever, causes us to further question the advisability of adding new donees. The decline in surplus property is understandable since basically all of the war generated surpluses have been phased out of the inventory. The rather limited surplus stocks do not satisfy the requirements of present eligibles. Secondly, we must oppose changing the administration of the program. We believe you will agree that there is little to be gained and a lot to be lost by moving the program away from where it has operated so well for so many years. This is not a property program in the real sense, it is a grant program that can best be administered by those with the expertise in the fields involved.

Sincerely yours,

J.L. Scott
Associate Director for Finance
Board of Trustees
Institutions of Higher Learning
Jackson, Mississippi 39205

Eli

CITY OF HARTFORD

HARTFORD POLICE DEPARTMENT
155 MORGAN STREET, HARTFORD , CONN.

COUNCIL – MANAGER GOVERNMENT

September 28, 1976

Senator Abraham A. Ribicoff
337 Russell Senate Office Bldg.
Washington, D.C. 20510

Dear Senator Ribicoff:

I am writing regarding a Bill now or soon to be before the Senate. H.R. 14451, which has passed the House, authorizes the donation of surplus federal property to public and charitable agencies. Specifically set forth in the Bill are purposes for public safety use for such property. I cannot begin to describe the values and budgetary savings this could result in should my Department and other City Police Departments receive benefits under this program. With the urban financial crisis before us this would truly be a commendable aid program for our American cities. For these reasons I wish your support of H.R. 14451 when it comes before the Senate.

Very truly yours,

Hugo J. Masini
Chief of Police

HJM:bic

The University of Connecticut

STORRS, CONNECTICUT 06268 OFFICE OF DEVELOPMENT

September 20, 1976

Senator Abraham Ribicoff
337 Senate Office Building
Washington D.C. 20510

Dear Senator Ribicoff:

I am taking the liberty of writing to you in connection with HR 14451 a bill which is currently before Senator Nunn's subcommittee on oversight. This measure proposes some drastic changes in the means by which excess property is disposed of by the Federal Government and by which the National Science Foundation is able to involve itself in this process.

Briefly, we would like to suggest that legislation of this type requires far more study than it appears to have received so far. Specifically, the bill in question would require that the University of Connecticut stand to have transferred from our laboratories approximately three million dollars in equipment upon which research programs at this institution depend. It should also be pointed out that the acquisition of such equipment would be virtually impossible under the proposed legislation, and that research programs now in progress could never have gotten started under this bill.

Passage of this measure would be a mild disaster for the University of Connecticut and we would suggest that extreme caution be taken before this bill is passed.

It was our understanding that before any legislation of this type was to be considered by Congress that we would be afforded an opportunity to testify at hearings through such representatives as the National Association of State Universities and Land Grant Colleges. To our knowledge no such hearings have yet been scheduled and we feel that this legislation should not be passed without an opportunity for us to present specific details on how it will effect our institution.

Please feel free to contact me if you have any further questions.

Sincerely,

Doug Webster

Doug Webster
Associate Director

DW:mk

STATE OF ALASKA
DEPARTMENT OF ADMINISTRATION
JAY S. HAMMOND, GOVERNOR
OFFICE OF THE COMMISSIONER / POUCH C — JUNEAU 99811

September 24, 1976

Honorable Abraham A. Ribicoff
Chairman of the Government Operations
Committee
707 New Federal Building
450 Main Street
Hartford, Connecticut 06103

Dear Senator Ribicoff:

H.R. 14551, "To amend the Federal Property and Administrative Services Act of 1949 to permit the donation of federal surplus personal property to the States and local organizations for public purposes and for other purposes," recently passed the House and is now before the Senate Government Operations Committee.

This bill is vitally important to every State and especially to Alaska. Our communities have enjoyed the use of such property in the past for health, education and civil defense purposes. However, there have been many more needs that could have been fulfilled by federal surplus property that were not permitted by the law.

H.R. 14451 will broaden the legal use of property to include such public purposes as conservation, economic development, parks and recreation, and public safety - - in addition to health and education.

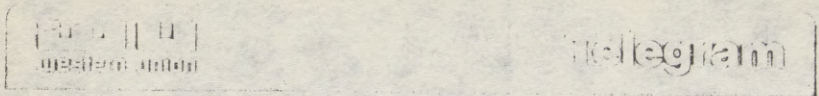
This bill is especially timely as the Defense Civil Preparedness Agency has recently amended their rules, thereby severely curtailing the surplus property which communities may acquire for civil defense purposes. H.R. 14451 would allow communities to continue to acquire such property in spite of DCPA's ill-advised action.

Your timely support of H.R. 14451 is respectfully requested. Passage of this bill will be of immeasurable benefit for generations to come. Thank you.

Sincerely,

Andrew S. Warwick
Commissioner

ASW/mjc
CC: Honorable Jay S. Hammond
Governor



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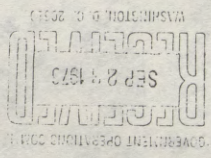
SENATE COMMITTEE
321 RUSSELL SENATE OFFICE BLDG
CAPITOLHILL DC
DEAR SENATOR RIBICOFF:



I AM WRITING TO EXPRESS MY VIEWS ON THE LEGISLATION CURRENTLY BEFORE THE SENATE GOVERNMENT OPERATIONS COMMITTEE CONCERNING THE FEDERAL PROPERTY PROGRAM. THE CURRENT VERSION OF THIS LEGISLATION (H.R. 14451) CONTAINS NEEDED MODIFICATIONS TO THE PRESENT FEDERAL PROPERTY SYSTEM, AND I SUPPORT THIS LEGISLATION WITH THE FOLLOWING CHANGES.

THIS LEGISLATION IF NOT AMENDED, WOULD SEVERELY CRIPPLE CURRENT EXCESS PROPERTY OPPORTUNITIES NOW AVAILABLE UNDER SECTION 514 OF THE PUBLIC WORKS ACT. AS HR 14451 WAS PASSED BY THE HOUSE, SECTION 514 OF THE PUBLIC WORKS AND ECONOMIC DEVELOPMENT ACT OF 1965 (88 STATS 1162) WOULD BE REPEALED. THIS WOULD SPECIFICALLY ELIMINATE TITLE V COMMISSIONS FROM RECEIVING EXCESS PROPERTY AUTHORITY FOR AREAS OF HIGH UNEMPLOYMENT AND LOW INCOME. I FEEL THAT THIS HAS BEEN A VALUABLE PROGRAM IN WISCONSIN. THIS PROGRAM LAST YEAR WAS SUCCESSFUL AT GETTING OVER 1.2 MILLION DOLLARS OF NEEDED EXCESS PROPERTY TO TRAIN PEOPLE FOR EMPLOYMENT IN THE ECONOMICALLY DEPRESSED REGIONS OF NORTHERN AND

Western Union Telegram

CENTRAL WISCONSIN. I STRONGLY SUPPORT THE CONTINUATION OF THIS AUTHORITY WITH THE TITLE V COMMISSIONS.

I RECOMMEND THE FOLLOWING AMENDMENT TO THIS LEGISLATION TO CORRECT WHAT I FEEL ARE THE DEFICIENCIES OF HR 14451. (1) ON PAGE 12 OF HR 14451, INSERT A SECTION E FOLLOWING LINE 17, "(E) PROPERTY FURNISHED UNDER SECTION 514 OF THE PUBLIC WORKS AND ECONOMIC DEV. ACT OF 1965". (2) DELETE ON PAGE 14 OF HR 14451 LINES 24 AND 25.

THESE TWO CHANGES WOULD HAVE THE IMPACT OF MAINTAINING THE OPPORTUNITIES AVAILABLE UNDER THE TITLE V FEDERAL EXCESS PROPERTY PROGRAM AND YET WOULD RETAIN THE OTHER POSITIVE FEATURES OF THIS LEGISLATION.

I THANK YOU IN ADVANCE FOR YOUR CONSIDERATION OF THESE SUGGESTIONS.

PATRICK J. LUCEY
GOVERNOR
STATE OF WISCONSIN

NNNN

ROBERT L DRAPER
1756 HILLCREST LN
SALT LAKE CITY UT 84117

western union Mailgram®

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HONORABLE ABRAHAM A RIBICOFF
CHAIRMAN
SENATE COMMITTEE ON GOVERNMENT OPERATIONS
WASHINGTON DC 20510

SEP 22 1976

THE NATIONAL ASSOCIATION OF STATE AGENCIES FOR SURPLUS PROPERTY STRONGLY ENDORSES HR 14451 BECAUSE OF THE MANY CONFLICTING AND OVERLAPPING REGULATIONS OF THE PRESENT PROGRAMS IT IS ESSENTIAL THAT THIS BILL BE CONSIDERED IN THIS SESSION OF CONGRESS THE BILL WILL CONSOLIDATE MANY EXCESS AND SURPLUS PROPERTY PROGRAMS WHILE CONTINUING THE ELIGIBILITY OF ALL THOSE WHO RELY ON SUCH PROPERTY PASSAGE WILL END THE PRESENT INEQUITIES AND PROVIDE FOR A MORE EFFECTIVE PROPERTY DISPOSAL PROGRAM THE NATION'S STATE AGENCY FOR SURPLUS PROPERTY ARE EQUIPPED AND PREPARED TO ASSUME THE ADDITIONAL DUTIES REQUIRED BY HR14451 SINCERELY YOURS

ROBERT L DRAPER
PRESIDENT

11:57 EST

MGMCOMP MGM

Mailgram

WESTERN UNION

Note

THE HONORABLE HOWARD M. METZENBAUM
SENATE OFFICE BUILDING
WASHINGTON, D.C. 20510

DEAR SENATOR

I RESPECTFULLY OPPOSE PASSAGE OF HR10451 REPEALING SECTION 514 OF THE PUBLIC WORKS AND ECONOMIC DEVELOPMENT ACT WHICH PUT THE REGIONAL COMMISSION IN THE BUSINESS OF LOCATING AND ACQUIRING EXCESS PROPERTY FOR CONSTITUENTS IN THEIR STATES TO BE USED FOR ECONOMIC DEVELOPMENT PURPOSES. IT IS MY UNDERSTANDING THAT NO STATE OR COMMISSION OFFICIALS HAVE BEEN INVITED TO PARTICIPATE IN THE HEARINGS OF THE HOUSE OR THE SENATE ON THE EFFECT OF THE PROGRAM IN THEIR RESPECTIVE STATES. WYOMING ENTERED THE PROGRAM THIS JUNE AND TO DATE HAS RECEIVED A LITTLE IN EXCESS OF $60,000.00 IN PROPERTY WHILE OVER 30 COMMUNITIES HAVE COMPLIED WITH THE REQUIREMENTS OF PARTICIPATION AND ARE IN DIRE NEED OF PROPERTY AS THEIR COMMUNITIES FACE THE BEGINNINGS OF ENERGY IMPACT RESULTING IN THE IMMEDIATE NEED FOR EXPANDING ALL PUBLIC SERVICES.

I SINCERELY REQUEST THAT COMMISSION OFFICIALS BE CONSULTED BEFORE THIS BILL IS VOTED ON BY THE SENATE

GOVERNOR ED HERSCHLER
STATE OF WYOMING

15:36 EST

MGMCOMP MGM