

nished employment for more than 56,000 employees with an annual payroll of over \$390 million.⁴⁰

These are heartening showings of progress. The subcommittee points out, however, that the value of the Government's real property holdings has continued to rise year by year to a total of \$66.4 billion (see p. 2) as new programs are begun and values increase. Also, that two recent GAO reports focus attention on the fact that very valuable Government land is retained by military agencies and kept in low priority use.⁴¹

Recommendations. There is a continuing need to screen the Government's real property holdings to determine if they are being put to the best and highest use from the national point of view. Since the holding agencies may not be entirely objective in the matter and have the sole authority to make the declarations of excess, it is recommended that a high level economic policy committee be assigned the task of reviewing agency real property holdings and making recommendations to the President as to their continued retention and highest use.

IX. SALES OF SURPLUS PROPERTY AND USE OF RECEIPTS

Findings. The subcommittee requested the GAO to make a study and report on the cost of sales of surplus property and disposition of receipts.⁴² A synopsis of the report as stated by Comptroller General Staats is (a) that some of the sales proceeds were improperly used to reimburse expenses not directly related to disposal operations and (b) that there is need to improve the accounting system and cost control for disposal operations in the DSA.

Recommendation. Since the DOD did not have sufficient time to study fully the GAO report before the hearings and is currently reviewing the program, the subcommittee will not make any recommendations until this has been done.

The observation is made, however, that it is fiscally unsound to permit agencies to create their appropriations by the use of receipts from the sale of surplus property. This not only bypasses the normal budget-appropriation process but as the GAO pointed out in the instant case, the agency was tempted to misuse extra receipts for other than authorized purposes. The need for operating funds may also lead to unwarranted sales.

The subcommittee notes a similar situation with regard to the GSA's utilization of receipts from the sale of automotive equipment and the use of the proceeds to finance procurement of vehicles for the motor pools.⁴³ Thousands of vehicles are sold annually without being made available to other agencies or to the Nation's education and health institutions which need and could use many of them if made available under the Donable Surplus Property Act.⁴⁴

⁴⁰ Ibid., p. 132.

⁴¹ Ibid., app. 7, pp. 302-304.

⁴² Ibid., app. 5, pp. 273-288.

⁴³ Hearings, 1965, pp. 190-192. Hearings, 1966, pp. 412-413.

⁴⁴ Federal Property and Administrative Services Act of 1949, as amended, 40 U.S.C. 471, sec. 203(j).