

cedures with the agencies. Our studies have been completed and the Bureau has recently issued guidelines to the heads of Federal agencies which we believe will improve the management of Federal real property.

Enclosed for your information is a copy of Bureau of the Budget Circular No. A-2, Revised, dated April 5, 1967, which contains the Government's policy on the utilization, retention, and acquisition of Federal real property. This directive replaces one originally issued in October 1955 which was limited to providing guidelines for the identification of excess real property.

Federal agencies are required, by the new directive, to develop criteria to achieve effective and economical use of their real property to meet the needs of each of their programs. The Circular prescribes systematic reviews of agencies' holdings in accordance with guidelines in the Circular and criteria established by the agency.

The new Circular provides that before agencies acquire new property they must determine that the best use is being made of their existing holdings and attempt to fulfill their needs by using property under their jurisdiction. If the need cannot be met by using existing holdings, efforts must be made to determine if other satisfactory existing Federal holdings are available. Procedures are provided for notifying General Services Administration and the Bureau of Land Management, Department of the Interior, as appropriate, to ascertain if excess, surplus, or unreserved public domain lands are available which might fill the need. When none of these are available, agencies then must consider the possibility of joint use of real property held by other agencies before action can be instituted to condemn, purchase, construct, or lease.

Each agency is required to report on the results of its annual review. This new requirement in the regulation will enable us to keep currently informed of the effectiveness of agencies' reviews and will alert us to the need for initiating follow-up action.

We appreciate your interest in the program to improve the management of Federal real property.

Sincerely,

PHILLIP S. HUGHES, *Deputy Director.*

APRIL 20, 1967.

HON. CHARLES L. SCHULTZE,
*Director, Bureau of the Budget,
Executive Office Building,
Washington, D.C.*

DEAR CHARLIE: This will acknowledge Mr. Hughes' letter of April 17, 1967, enclosing BOB Revised Circular A-2 of 4-4-67, on the Utilization, Retention and Acquisition of Federal Real Property.

I am pleased to receive this material and will wish to discuss it at considerable depth at the time you appear before the Subcommittee on Economy in Government, which I understand will be May 16, 1967.

From a quick reading of the Circular, I feel that some progress will follow its implementation. However, I believe one of the principal features of the Subcommittee's recommendation on page 12 of the May 1966 Report should have been followed, namely: the establishment of a high level economic policy committee to review agency holdings.

I will also want to discuss with you the idea of imposing some form of taxes on industrial type property and perhaps others to provide assistance to local governments and act as a leverage against unneeded retention of the properties.

Sincerely,

THOMAS B. CURTIS.

(For full text of Bureau of the Budget Revised Circular A-2, April 4, 1967, see pt. 1 of these hearings, p. 234.)