

(i) *Section 102 of the Act*—which requires AID to utilize excess property in lieu of new procurement;

(ii) *Section 607 of the Act*—which establishes the Non-AID-Funded excess property program, subject to a \$45 million limitation to refer to unordered, rather than to unshipped items.)

(ii) *The \$45 million volume constraint.* (Applicability: all domestic excess.) Just like any other federal agency, AID may claim and utilize domestic excess, but only up to \$45 million annually. Under the same law, when claims for excess exceed \$45 million, AID not only loses its right to claim additional excess, but thereafter comes second to the states; that is, only after donation screening may AID claim surplus property and, if successful, reconvert it to excess. (This provision of the Act suggests the identity of the political interests most antagonistic to AID's utilization of excess.)

(iii) *The Advance Acquisition constraint.* (Applicability: all 608 excess.) In establishing the Advance Acquisition program, the Congress decreed that the \$5 million revolving fund might be used to pay the costs of excess property "in advance of known requirements therefor."

Neither the second nor the third constraints enumerated above has affected AID excess property operations: the second, because its threshold has not yet been reached; the third, because it is disregarded. The first, however, is felt, and sometimes keenly, as when occasionally an EPRO has to delay the transfer of follow-ups to its GSA freezes, pending receipt of purchase orders to reduce its own unordered inventory.

c. *Excess Property Offices.*—MR/GPR administers the five regional excess property offices (EPRO's), three in the United States (Atlanta, New Cumberland, and Sharpe) and two overseas (Frankfurt and Tokyo). MR/GPR has redistributed the statutory \$15 million limitation on excess inventory among the three domestic EPRO's, limiting New Cumberland and Atlanta to \$5 million each, and Sharpe to \$3 million. The remaining \$2 million is reserved for special contingencies. (This constraint in no way affects the MO on excess property establishing intra-AID priorities for claiming foreign excess (for which AID is virtually the only claimant) gives any Advance Acquisition claim precedence over any Direct Acquisition claim. Other typical preferences include:

(i) Subjecting Mission requests for Direct Acquisition to EPRO approval;

(ii) Subjecting Mission accessibility to GSA catalogs to MR/GPR determination; and

(iii) Limiting the benefits of the AID-Army transportation agreement covering domestic excess to Advance Acquisition stocks.

Preference for the Advance Acquisition program over the Direct Acquisition program is caused in part by the "profit motive" built into the revolving fund. As might be expected, MR/GPR desires to preserve the integrity of its revolving fund so that it can continue to do business. As a result, the organization is motivated to show a gain in the fund.