

NEED FOR OBJECTIVE EVALUATION OF REAL PROPERTY HOLDINGS

Chairman PROXMIRE. Why wouldn't it be good to get a clear directive from Congress, or from the President, that the Budget Bureau or some objective group would apply pressure and force to the agencies to get rid of the property they do not need? It seems to me there is a perfectly natural and understandable tendency for these agencies to hold on to property—they do not want to get rid of it unless there is real pressure on them to do it. And absent this kind of declaration from the Congress or from the President, it is understandable.

I can see that once in a while you come along with some kind of a program—and I don't mean to be demeaning of the efforts you have made—but it would seem to me that an overall policy, that the Federal Government should dispose of these holdings—especially by sale—would be helpful.

Mr. HUGHES. I think policy is very clear as far as the executive branch is concerned. There are Budget Bureau issuances, besides Circular A-2, letters and so on, which make this clear.

Chairman PROXMIRE. Maybe there ought to be more of a policy on acquisitions—in other words, to slow down on the acquisition unless you can justify it.

Mr. HUGHES. The revision of Circular A-2 was intended to help.

Chairman PROXMIRE. One area we have discussed in great detail in these hearings is the Government going out and buying equipment for private contractors. This is an example of that. That would be right in here; would it not? Not real property, but it would be in addition to it—the same kind of thing.

Representative RUMSFELD. Is there any way you could force an evaluation of the extent to which a request for the power to acquire something could be coupled with a reevaluation as to what might be disposed of to compensate for it?

Mr. HUGHES. I think you will find that the provisions of Circular A-2 do that. You come back to the problems of judgment, of discrimination as between, for example, the suitability of an existing piece of property for a new purpose, and the disposability of a piece of property in offsetting a new acquisition—those kinds of tests.

I think you will find that the circular is intended and does in fact confront the agency with the kind of choices that you are suggesting should be made.

We look forward to the product of the review of property in the form of the report that we will get at the end of the fiscal year, as a tool to see how well the agencies are doing in exercising their judgment in acquisitions versus using existing property versus disposal.

PAYMENT OF TAXES AS A DISCIPLINE AND EQUITY

Chairman PROXMIRE. Congressman Curtis has suggested that one discipline that could be used to help on this, is to require these agencies to make some kind of payment, in lieu of taxes, to local and State governments that have personal property taxes, not only in terms of discipline, but, more particularly, in terms of equity to the State and local governments involved.