

II. Government-Owned Property Furnished to Contractors

AMOUNT OF GOVERNMENT-OWNED PROPERTY

The executive branch is responsible for the protection and management of public property entrusted to it. Congress defined this responsibility in the Federal Property and Administrative Services Act of 1949, which provides that each executive agency shall maintain adequate *inventory* control and accountability systems for the property under its control to determine which is excess property. The executive branch, and especially the DOD, is not satisfactorily carrying out this responsibility. There is an extensive lack of inventory and management controls over literally billions of dollars of public property.

The extent of the responsibility of the DOD for inventory controls and accountability systems for property in its possession is indicated by the following breakdown (as of June 30, 1967):

Real property.....	\$38,495,000,000
Personal property.....	157,057,000,000
Total.....	195,552,000,000

The total of approximately \$196 billion was up \$12 billion from fiscal year 1966.

Perhaps the most serious problem uncovered in recent years by this subcommittee concerns DOD's policy of furnishing Government-owned property to defense contractors, and practices surrounding the use and replacement of such property. The stated policy of DOD is to require contractors to provide their own facilities, equipment, and materials incident to their contracts. It is also the stated policy of DOD to encourage contractors to replace old, inefficient, Government-owned equipment with modern, more efficient, privately owned equipment.

Yet the amount of Government-owned equipment furnished to contractors has more than doubled since fiscal year 1965. In that year the amount of such property in contractors' hands was valued at \$7.2 billion. One year later, fiscal year 1966, the amount was \$10.9 billion. As of fiscal year 1967, it was estimated at \$14.7 billion. The following table breaks down the types of property held by contractors:

Government Property Held by Contractors (as of June 30, 1967)

[In billions of dollars]

Industrial plant equipment (IPE) mostly metalworking costing over \$1,000.....	\$2.6
Other plant equipment costing less than \$1,000—furniture, office machines, etc.....	2.0
Materials, electronic gear, cloth, duck, sub-assemblies, parts, hardware items, etc.....	4.7
Real property—buildings, plants, etc.....	2.4
Special tooling and test equipment.....	3.0
Total.....	14.7