

I don't have to discuss the implications and the policy questions that are involved in these different methods.

The subcommittee became interested in one aspect, and that was the degree to which the impact of this policy on the donable program could be limited. In other words, that the supply of surplus property could be continued. And we requested that data be gathered on it for this purpose. On December 15, 1967, we requested the Department of Defense to consider suggestions regarding possible elimination from exchange/sale of some items showing a low rate of return on the basis of acquisition cost, and we have asked DOD to compile figures on proceeds and allowances resulting from exchange/sale so that there would be some reasonable basis for arriving at a general policy on this matter.

On January 31 of this year, the Department of Defense stated that it was going to require evaluation of each contemplated exchange/sale transaction to see whether the expected return would warrant the administrative and related costs. We also learned informally that an instruction to the service departments and the Defense Supply Agency was being prepared, and this was issued in a two-page memorandum on March 27 of this year. The purpose of this was to clarify misunderstandings which appeared to exist in certain programs.

Now, until 3 weeks ago, the March 27 memorandum was the latest document the subcommittee had received concerning DOD implementation of its exchange/sale policy. However, there has, we have learned, been considerable activity within the Department concerning such implementation, and it is this activity that we want to review at the hearing this morning.

One aspect of the exchange/sale procedure that we are interested in deals with the list of 30 categories and groups of property which the 1966 GSA regulations made ineligible for exchange/sale disposal. And we want to see also how the Federal agencies have handled special waivers releasing an agency from adherence to the restrictions imposed by the 30-category list.

We are, of course, as I have said, concerned with these categories and will be concerned if through inadequate supervision and coordination among agencies these exchange/sale transactions are to go beyond the prescribed or necessary limits with a damaging effect on the donable program.

And so we are meeting today to have testimony on these matters that I have discussed generally. We will have witnesses from the various agencies involved.

(The statement follows:)

OPENING STATEMENT OF HON. JOHN S. MONAGAN, A REPRESENTATIVE IN CONGRESS
FROM THE STATE OF CONNECTICUT

The hearing today by the Special Subcommittee on Donable Property is part of our continuing review of Federal policies and procedures governing the disposal of personal property by exchange or sale under section 201(c) of the Federal Property Act. Under this provision, when a Federal agency needs to acquire an item of personal property it may exchange or sell a similar item and apply the trade-in allowance or proceeds of sale against the cost of the property being acquired. The General Services Administration is authorized to prescribe regulations governing such exchange/sale transactions. The subcommittee has a special interest in such disposals because, when personal property is thus sold or exchanged, it no longer can become available for donation under the Federal dona-