On October 27, 1967, with the approval of the Bureau of the Budget, the chairmen of the Senate and House Government Operations Committees were notified that action to implement DOD instruction 4160.1 was being initiated. Simultaneously, all DOD components were notified of the removal of the suspension and were told to initiate implementation action.

During the early phases of implementation there were some cases where a property disposal officer withdrew from the "eligible for donation" category items of property on which State surplus property screeners had already filed a claim. A joint DOD/GSA policy was quickly established whereby such personal property which had been spoken for would not be withheld from donation by holding activities even though the necessary paperwork had not reached the GSA regional office. There were also a few incidents of ineligible items being put up for exchange or sale; these were corrected in each case that was brought to our attention.

Detailed implementing instructions have now been disseminated to all military service field activities, and as of July 1 (fiscal year 1969) we will be in a position to obtain more exchange/sale data and to determine what effect, if any, this revised policy will have on the donation program.

With respect to the circumstances and dialog surrounding the granting of a partial exception to Federal supply classification groups 15 and 16, I am happy to provide this information. On February 21, 1968, representatives of the Naval Air Systems Command and the Office of the Navy General Counsel visited GSA to seek relief from, or an exception to subpart 101–46.4901, Federal supply classification group 16, aircraft components and accessories, and the airframe structural components portion of Federal supply classification group 15. As you are aware, subpart 101–46.4901 concerns itself with Federal supply classification groups which are not eligible under the provisions of the exchange/sale regulation.

The basis for the Navy request was that the Navy had acquired several Grumman TC–4C aircraft, commercially known as the Grumman Gulf Stream, and had established a provisioning plan which called for spare parts support to be provided by the manufacturer. Upon evaluating this support arrangement, GSA granted the Navy an interim exception to Federal supply classification group 16 and the airframe structural components portion of Federal supply classification group 15. This interim exception was to expire on August 31, 1968.

On February 23, 1968, GSA notified my office of the exception they had granted and suggested that perhaps the Army and the Air Force might also be operating commercial type aircraft and be dependent upon the manufacturer for spare parts support. It was ascertained that both the Army and Air Force had had, or anticipated having much the same problem as the Navy in connection with their commercially designed and manufactured aircraft. As a result of this determination, on March 15 we requested GSA to grant authority to exchange/sale the aforementioned items; on April 8 this request was approved by GSA. On April 16, the military departments and the Defense Supply Agency were advised of the exception granted by GSA, were furnished copies of the DOD/GSA correspondence on the subject, and were requested to initiate appropriate action to incorporate the exemption into their respective implementing instructions to their components.

It is my understanding that pursuant to your staff review of the departmental implementing instructions, it has been brought to GSA's attention that the military services may have in some instances interpreted the exemption authority more broadly than was intended by GSA. We have, however, received no formal notification to this effect. Upon receipt of such notification we will investigate the alleged misinterpretations and if they are substantiated corrective action will be taken.

SURPLUS PROPERTY DISPOSITION—DOD DONATION PROGRAM

[Acquisition value, in millions of dollars]

Fiscal year	Total donation	Exchange/sale donated	Exchange/sale sold	Total usable property sold
1964	273	56.0	45.0	980
1965	282	33.3	41.8	975
1966	285	24.7	66.1	804
1967	231	17.9	26.2	917
1968 (9 months)	142	13.6	14.5	684