

File
Calendar No. 467

81ST CONGRESS } <i>1st Session</i>	SENATE	} REPORT No. 475
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FEDERAL PROPERTY AND ADMINISTRATIVE SERVICES
ACT OF 1949

JUNE 8 (legislative day, JUNE 2), 1949.—Ordered to be printed

Mr. McCLELLAN, from the Committee on Expenditures in the
Executive Departments, submitted the following

REPORT

[To accompany S. 2020]

The Committee on Expenditures in the Executive Departments, having had under consideration the matter of Government property management and the reorganization of certain Government agencies in connection therewith, report the following bill (S. 2020) to simplify the procurement, utilization, and disposal of Government property, to reorganize certain agencies of the Government, and for other purposes, and recommend that it do pass.

I. HISTORICAL BACKGROUND

The need for an efficient, businesslike system of property management has long been recognized. In 1943 the House passed, and this committee reported favorably, a bill (H. R. 2795) designed to fulfill that need. While being considered that bill was overtaken by the more immediate and special problem of disposing of our war surplus without dislocating our national economy. In the end, the Congress deferred action on long-range property management and, instead, adopted the Surplus Property Act of 1944 limited in objective to dealing with war-generated surplus and limited in life to 3 years after the date of cessation of hostilities. That date will occur on December 31, 1949.

In a special message dated March 5, 1948, the President recommended that the Congress renew consideration of Government property management and directed the Federal Works Administrator to submit a draft bill. Following the general pattern of that draft, this committee unanimously reported out a bill termed the Federal Property Act of 1948 (S. 2754, 80th Cong.) which would have provided a

uniform system for property management. Due to the press of other work, the Senate did not take up this bill before adjournment.

In the middle of February of this year the Federal Works Administrator, with the approval of the Director of the Bureau of the Budget, acting on behalf of the President, presented again a draft bill for a uniform property management system. That draft was substantially the same as the prior bill—S. 2754, Eightieth Congress—and was introduced in this Congress as S. 990. Simultaneously there was introduced S. 991 designed to carry out the recommendations of the Commission on Organization of the Executive Branch of the Government for an Office of General Services—supply activities. In these two bills most provisions are common, the important differences being (a) the designation of the central housekeeping agency; (b) the treatment of military procurement; (c) the inclusion in S. 991 of records management, which was omitted from S. 990; and (d) the more detailed and specific coverage of substantive matters in S. 990.

In the bill as introduced and reported herewith the committee has retained the common features of S. 990 and S. 991, and incorporated the essential provisions of S. 597—a bill for the more economical operation of the general supply fund. In the main, the committee has adopted the substantive provisions of S. 990 and the organizational structure provided for in S. 991, with modifications and additions designed to make the resulting legislation more workable.

II. GENERAL STATEMENT

Six years ago the confused state of legislation dealing with Government property management was described as follow :

Efficient executive management of the Government's great and growing investment in equipment, materials, and supplies, and the control of the Congress over the use and disposition of such property are seriously handicapped by the lack of comprehensive legislation. The essential foundation of management standards in determining what and what quantities should be bought, and similar standards to govern utilization are conspicuous by their absence. Although the accrual of surpluses is an inevitable feature of the active operations of Government, the determination and release of such surpluses are entirely within the discretion of thousands of widely scattered executives * * *. Even under normal conditions the results of such a situation are apparent in excessive stocks, unnecessary duplication, lack of maximum utilization, unauthorized augmentation of congressional appropriations by free transfer of cash equivalents from one to another, heavy direct losses to the Treasury, and waste in other forms. (1943 report of the House Committee on Expenditures in the Executive Departments on H. R. 2795, quoted with approval in 1944 in the report of this committee on the same bill.)

Leading off its report on an Office of General Services, the Commission on Organization of the Executive Branch of the Government has this to say on the subject:

Three major internal activities of the Federal Government now suffer from a lack of central direction. These are supply, records management, and the operation and maintenance of public buildings. These activities are carried on in several places within the executive branch with varying degrees of adequacy. While, as a general rule, centralized direction is lacking, there are some instances of the exact reverse of this situation in which operations are centrally controlled down to the smallest detail.

To the general public, the "housekeeping" activities listed above are little known, but unless they are properly administered, the executive branch cannot be effectively managed.

In the second part of the same report, relating to Federal supply activities, the Commission starts by saying:

The Federal Government runs one of the greatest supply businesses in the world. It is spending more than \$6,000,000,000 a year for new material, supplies, and equipment for the regular activities of the civilian and military agencies. In addition, since 1941, the Federal Government has been engaged in enormous purchases for export in connection with lend-lease and foreign-aid programs. It makes huge purchases of strategic and critical materials from foreign sources, and imports them for the national stock pile.

The Federal Government also has in storage, in the continental United States, military and civilian inventories valued at \$27,000,000,000. No one knows accurately the total worth of Government personal property currently being used, but its million or more motor vehicles, for example, have a value of at least \$2,000,000,000. The Government also pays out more than \$1,000,000,000 yearly for transportation of property, and \$440,000,000 in salaries of the nearly 150,000 employees working in supply operations.

As recommended by the Commission on Government Organization, the bill here reported establishes a General Services Agency, headed by an Administrator directly and personally responsible to the President, who, in turn, is authorized to issue policies and directives which shall govern the Administrator and all executive agencies. Also as recommended by the Commission, there are transferred to the new agency (a) the Bureau of Federal Supply of the Treasury Department, which now has limited over-all responsibility for the procurement of personal property and for the cataloging, supply, and utilization of such property; (b) the National Archives Establishment, which now has limited responsibility in the field of records management, mainly having to do with the maintenance and preservation of historical records; and (c) the Public Buildings Administration of the Federal Works Agency, which provides and manages most office and warehouse facilities for the Government. To round out this organizational structure, the bill also transfers to the General Services Agency (a) the War Assets Administration which, under present law, would be liquidated on June 30 of this year and its functions scattered among several agencies; and (b) all other functions of the Federal Works Agency. These other functions of the Federal Works Agency likewise are of a service character and the committee feels that they logically belong in any General Services Agency. These service functions consist generally of the design and construction of public buildings, the disposal of surplus real property, the conduct (in the Public Roads Administration) of the Federal-aid road program and the provision of roads for other agencies, the custody and maintenance, on behalf of the National Military Establishment, of plants and machine tools in the National Industrial Reserve, disaster relief, the administration of certain functions of the water-pollution-control program, etc. Management of the general services of the Government cannot be conducted efficiently unless these responsible units are brought under a common leadership and direction. In so doing, and recognizing that this is a relatively new field for the Government, the bill authorizes the Administrator to transfer, regroup, and distribute functions within the agency.

The Commission, in its report on the Department of Commerce, has also recommended that the Public Roads Administration be transferred to that Department as an important component of a new alignment of transportation services (recommendation No. 7). The committee has, however, withheld action on such transfer until some

determination is made relative to the over-all program to be accepted by Congress on the reorganization of the Department of Commerce, and on the proposed consolidation of transportation agencies.

Likewise, the bill also transfers the Bureau of Community Facilities to the new General Services Agency. The Hoover Commission has recommended (recommendation No. 4, on the Department of the Interior) that community services be centralized in general building construction services. In the bill, the President is given authority to continue the Bureau of Community Facilities within the new agency for such time as he may determine, and the Congress should consider this problem further in connection with related reorganizations.

While fixing management responsibility, the bill provides operating machinery flexible enough to cope with the needs for specialized service. For instance, the Secretary of Defense is authorized, unless the President otherwise directs, to exempt the National Military Establishment from uniform procurement whenever he deems such exemption required in the interest of national security. Similarly exempted from central control are the purchase and disposal of farm products under programs conducted by the Department of Agriculture for purposes of price support or stabilization. On the other hand, the bill contemplates the continuation of centralized contracting for, procurement and distribution of, supplies and services to meet the consolidated requirements of the executive agencies, and the use of such facilities by other Federal agencies, where determined to be advantageous to the Government. In other respects, the bill provides, generally, for uniform policies and methods of procurement, supply, and related functions. This is expected to stop the great losses previously incurred by the Government through competition of executive agencies for the same articles in the same markets, unnecessary buying, lack of quantity purchases, and other inefficiencies.

Equally great losses have been suffered by the Government through purchasing of new articles by one agency when serviceable articles of the same type are available in the inventories of other agencies and excess to their needs. The bill is expected to stop these losses. It provides a uniform system for the identification and classification of property, and for the standardization of contract forms, specifications, and procedures. It requires executive agencies to maintain reasonable inventory levels and to establish adequate inventory controls. The Comptroller General is authorized to prescribe principles and standards for property accounting. The bill requires continuing surveillance by every executive agency of the property under its control and it authorizes the Administrator to make surveys of such property and of property-management practices. Through these measures, the committee believes that there can be, and, if efficiently administered, that there will be maximum utilization of property already owned by the Government and minimum purchasing of new property.

Again in line with the recommendation of the Commission on Government Organization, the bill provides a central system relating to traffic management, transportation, and other public-utility services for the use of executive agencies.

As most of the objectives of the Surplus Property Act of 1944 have largely been attained, the bill, in harmony with existing law, dispenses with all priorities and preferences on personal property. The committee believes, however, that, from time to time, there will become

surplus to the Government, books, equipment, or other supplies the sale of which would realize little monetary return but which would be usable by and of great benefit to our schools and colleges. The bill therefore authorizes the Administrator, in his discretion, to donate such surplus property for educational purposes upon the recommendation of the Federal Security Administrator. The committee believes that the authority vested in the Federal Security Administrator is broad enough to authorize him to reddelegate his authority to some other person designated by him, and that the appropriate designee in this specific instance would be the Commissioner of Education.

Surplus real property generated by World War II is in a different situation. Accordingly, the committee has retained priorities and preferences with respect to the disposition of surplus real property, including public benefit allowances for education, health, municipal airports, public parks, and recreational purposes.

Title III extends to the General Services Agency the principles of the Armed Services Procurement Act of 1947, with appropriate modifications principally designed to eliminate provisions applicable primarily to the military. The Administrator of General Services under certain circumstances is also permitted to delegate to any other executive agency, not named in the Armed Services Procurement Act, authority, under certain circumstances, to make purchases and contracts pursuant to the provisions of title III. This title provides for the modernization of procurement methods and procedures. It clarifies and preserves the formal advertising method of procurement, but at the same time, under proper control, authorizes negotiation in certain classes of cases. This title is designed to cope with future as well as presently existing situations, and to constitute a comprehensive code of procurement methods and procedures.

The committee believes that title III is substantially in accord with the recommendation made by the Commission on Organization of the Executive Branch of the Government in its Report on the Organization and Management of Federal Supply Activities, that legislation be enacted to apply the principles of the Armed Services Procurement Act of 1947 to buying by all agencies, this authority, however, to be lodged in the President (recommendation No. 2, p. 40, of the Combined Report on Office of General Services, and Supply Activities). Title III is substantially in accord with the report unanimously adopted by the Procurement Policy Board of the War Production Board in the fall of 1945 and in accord with legislation drafted by a special committee of the Procurement Policy Board.

Under the administration of the Department of State, most of the surplus property generated in foreign areas as a result of World War II has either been sold or has been committed for sale. The remaining small inventory is widely dispersed and of specialized or technical character; in most cases the cost of transportation back to this country probably would exceed either the use value to the Government or the sales return in the commercial market. Title IV of the bill deals with this problem and provides that the agencies responsible for such property shall dispose of it where located abroad, taking into consideration the foreign policy of the United States. As a practical matter, this means that the armed services will dispose of surplus property located in foreign countries pursuant to policies established by the Secretary of State.

As stated above, existing authority of the National Archives Establishment with respect to records management is considerably limited. Accordingly, authority has been granted to the Administrator to survey and report to Congress what action is necessary to improve records-management activities. The committee feels that this bill will authorize the Administrator of General Services to make a start in this field. Later, when this problem has been more thoroughly studied, the Congress might enact new and broader legislation for records management in line with the recommendation of the Commission on Organization of the Executive Branch of the Government.

The committee feels very strongly that the economies resulting directly from consolidation of agencies are and should be only a beginning to the savings which will accrue to the Federal Treasury under the bill. Many millions more can be and must be shaved from expenditures for property management through merger of common services and the resultant reduction of overhead and elimination of duplicatory activities. Further, as previously noted, the maximum use of Federal property by the Federal Government will, with efficient administration, reduce procurement requirements to a minimum.

III. COMPARISON WITH S. 1809

Except as noted hereinafter, the provisions of this bill are substantially identical with those of S. 1809, reported by the Committee on Expenditures in the Executive Departments on May 9, 1949. The changes of substance which have been made in this bill are the following:

1. *Agencies transferred to General Services Agency.*—Sections 102 (a) and 103 of S. 1809 would have transferred to the General Services Agency, as organizational entities, the Bureau of Federal Supply of the Treasury Department, and the Public Buildings Administration and the Public Roads Administration of the Federal Works Agency, together with their respective functions, personnel, property, and obligations. Sections 102 (a) and 103 of this bill transfer only the Public Roads Administration to the General Services Agency as an organizational unit. The other agencies named above will be abolished as organizations, and their functions, personnel, property, and obligations will be transferred to the General Services Agency, to be administered there in such manner as the Administrator shall determine. This change has been made to conform more closely to the recommendations of the Commission on Organization of the Executive Branch of the Government, which stress the need for centralization of authority and the maintenance of flexibility in the internal organization of an agency such as the General Services Agency.

2. *Salaries of officers of General Services Agency.*—Sections 101 (a), 102 (a), and 103 (d) of S. 1809 would have prescribed the salaries payable to the Administrator and certain other officers of the General Services Agency, such salaries to be fixed in accordance with the provisions of other general legislation with respect to salaries of Government officers and employees. Such provisions have been omitted from this bill, and there has been substituted therefor a new section 101 (e), which authorizes the President to fix the salaries of such officers at rates, not in excess of \$15,000 per annum in any case, commensurate with the duties and responsibilities of their respective offices.

3. *Records management and transfer of National Archives.*—Section 104 (a) of S. 1809 would have excepted from the functions of the Archivist of the United States transferred to the Administrator of General Services the functions of the Archivist under the act entitled “An act to provide for the disposal of certain records of the United States Government,” approved July 7, 1943 (57 Stat. 380), as amended. This bill (a) eliminates that exception, and (b) contains a new subsection 104 (c) authorizing the Administrator to survey Government records and records management, promote improved records management practices, and report the results of such activities to the Congress and to the Director of the Bureau of the Budget.

4. *General supply fund.*—This bill contains in section 502 (a) three new paragraphs, (29), (30), and (31), which repeal certain existing statutes governing the present general supply fund administered by the Treasury Department. In substitution therefor, this bill adds a new section 109 which establishes a new general supply fund of the kind contemplated by S. 597. The new fund will consist of the assets of the present fund, and such additional sums as the Congress may appropriate, but shall not exceed \$100,000,000. Such fund (a) shall be available for use by the Administrator as a revolving fund in the procurement of personal property and nonpersonal services for use by Federal agencies, mixed-ownership Government corporations, the District of Columbia, and certain non-Federal agencies, and (b) shall be audited annually by the Comptroller General, who shall report to the Congress the result of each such audit. Requisitioning agencies shall pay for property and services so procured by advances or reimbursements made by them to the fund. Until July 1, 1950, prices for such property and services shall be fixed in accordance with present law and practice. Thereafter, there shall be excluded from the prices charged Federal agencies all elements of cost for indirect or overhead expenses of the General Services Agency (as ascertained by the Administrator with the approval of the Director of the Bureau of the Budget) and such expenses shall be paid out of appropriated funds. Prices charged other requisitioning agencies may, however, include cost elements for such indirect or overhead expenses.

5. *Surplus property disposals for educational and public health purposes.*—Paragraph (1) of subsection 502 (a) of S. 1809 provided for the indefinite continuation of certain provisions of the Surplus Property Act of 1944, as amended, including (a) section 13 (a), providing for the disposal of surplus property to States, local subdivisions thereof, and certain nonprofit institutions for educational and public health purposes, and (b) provisions establishing priorities and preferences governing the disposal of real estate under that act. Such provisions have been omitted from this bill, and there has been substituted therefor a new paragraph (1) in subsection (k) of section 203. The new paragraph authorizes the Administrator of General Services to assign surplus real estate to the Federal Security Administrator for transfer to States, local subdivisions thereof, and certain nonprofit institutions for educational and public health purposes, subject to the disapproval by the Administrator within 30 days after notice to him of any such contemplated transfer. Specific provision is made for the continuance under this paragraph of the “public benefit allowances” heretofore granted to such transferees under the Surplus Property Act of 1944. The net effect of this change is to carry over

into the bill as permanent legislation the substance of comparable provisions of the Surplus Property Act of 1944, but to clarify in some particulars the language employed for that purpose and to simplify the rigid priority system established by that act in the interest of economy in administration.

*6. *Exemptions from terms of act.*—In paragraph (17) of subsection 502 (d) the Central Intelligence Agency has been added to the list of agencies whose existing statutory authority is not to be affected by the enactment of the bill.

IV. SECTION-BY-SECTION ANALYSIS

PREAMBLE

The bill commences with a short title styled the "Federal Property and Administrative Services Act of 1949," following which is a table of contents.

Section 2. Declaration of policy

This is very brief and states the intent of the Congress to provide for the Government an economic and efficient system for (a) the procurement and supply of personal property and nonpersonal services and performance of related functions; (b) the utilization of available property; (c) the disposal of surplus property; and (d) records management. Other sections of the bill implement items (a), (b), and (c) by consolidating the present scattered property functions and by providing a new uniform charter for property management. Item (d) is implemented only by the transfer of the National Archives Establishment to the General Services Agency. Additional legislation will be necessary to establish an effective system of records management. Such a system, however, should be built around the National Archives Establishment, and should be administered in the General Services Agency, so that this transfer is a logical first step toward its creation.

Section 3. Definitions

Several definitions require special note. "Property" includes all interests in property except the public domain and the major classes of naval vessels. "Excess property" means any property under the control of any Federal agency not required for its needs and responsibilities as determined by the head thereof. "Surplus property" means any property which has been declared excess by a particular Federal agency and which, after a survey of the needs of other Federal agencies, is determined by the Administrator of General Services no longer to be required by the Federal Government as a whole.

TITLE I. ORGANIZATION

Section 101. General Services Agency

(a) *Establishment of General Services Agency.*—This subsection provides for the establishment in the executive branch of the Government of a new agency to be known as the General Services Agency.

(b) *Administrator of General Services.*—This subsection provides that the new agency shall be headed by a new officer of the Government, entitled "Administrator of General Services," to be appointed,

after the enactment of this legislation, by the President by and with the advice and consent of the Senate.

(c) *Deputy Administrator.*—This subsection provides for a Deputy Administrator to be appointed by the Administrator. The Deputy Administrator will perform such functions as the Administrator may designate and be Acting Administrator during the absence or disability of the Administrator and (unless the President designates another officer to serve as Administrator) in the event of a vacancy in that office.

(d) *Performance of functions pending first appointment.*—This subsection provides that, pending the first appointment of an Administrator, his functions shall be performed, temporarily, by such officer as the President shall designate.

(e) *Compensation of Administrator, Deputy Administrator, heads and assistant heads of the principal organizational units.*—This section authorizes the President to establish the rate of compensation for the Administrator, Deputy Administrator, the heads and assistant heads of the principal organizational units, at such rates as he shall deem to be commensurate with their duties and responsibilities. A limitation has been inserted so that the salary of any one of these officials shall not exceed \$15,000 per annum.

Section 102. Abolition of Bureau of Federal Supply and transfer of contract-settlement functions

(a) *Transfer of functions of the Bureau of Federal Supply.*—This subsection provides for transferring to the General Services Agency the functions, records, and personnel of the Bureau of Federal Supply, now in the Department of the Treasury, and for vesting in the Administrator of General Services the functions of Treasury personnel relating to the Bureau of Federal Supply.

It also provides for abolishing the Bureau of Federal Supply, thereby permitting the Administrator of General Services to establish such organization as he deems necessary.

The Bureau of Federal Supply has been in the Department of the Treasury since 1933 and exercises central procurement functions for the executive branch of the Government. Its functions are not essentially related to the primary fiscal and tax functions of the Department of the Treasury so that the Bureau may readily be severed from the Department without impairment of the Department's efficiency. Functions of the Secretary of the Treasury transferred to the General Services Agency include all functions vested in him by law, but performed by the Bureau for him under appropriate delegation; for example, stock piling under Strategic and Critical Materials Stock Piling Act (60 Stat. 596) and functions of over-all supervision and review of the performance of Bureau functions incidental to his position as head of the Department.

(b) *Transfer of contract-settlement functions.*—This subsection provides for transfer to the Administrator of General Services of the functions, transferred to the Secretary of the Treasury a little over 2 years ago, of the Director of Contract Settlement and the Office of Contract Settlement created by the Contract Settlement Act of 1944 (58 Stat. 649; 41 U. S. C. 101-125). These functions relate to the establishment of uniform policies and procedures for the settlement of terminated war contracts by Government contracting agencies

and, because of the almost complete liquidation of the contract termination program, are now routine and insignificant. Such little work as has been recently required in connection with this program has been carried on in the Treasury primarily by the Bureau of Federal Supply. It would be in the interest of good management to have this Bureau continue to wind up that program. This subsection likewise transfers from the Treasury to the General Services Agency the Appeal Board and the Contract Settlement Advisory Board also created by the Contract Settlement Act of 1944. This transfer is for housekeeping purposes only. The Secretary of the Treasury does not, nor will the Administrator of General Services, review decisions of the Appeal Board which will perform its functions under conditions and limitations prescribed by law.

(c) *Functions retained in the Treasury.*—This subsection permits the Bureau of the Budget to retain in the Treasury Department certain minor functions of the Bureau of Federal Supply, for example, as to printing, which properly pertain to the Treasury Department.

Section 103. Transfer of affairs of the Federal Works Agency

(a) *Transfer functions and constituent organizations.*—This subsection provides for the transfer of the Public Roads Administration, together with its functions, records, and personnel to the General Services Agency. All other functions, records, personnel, and funds of the Federal Works Agency, Federal Works Administrator, and Commissioner of Public Buildings are transferred to the Administrator of General Services.

(b) *Abolition of Federal Works Agency.*—This subsection abolishes the Federal Works Agency, Public Buildings Administration, Office of the Federal Works Administrator, Office of the Commissioner of Public Buildings, and the Office of the Assistant Federal Works Administrator.

(c) *Continuation of Bureau of Community Facilities.*—This subsection provides that the President may continue the Bureau of Community Facilities of the Federal Works Agency as a constituent of the General Services Agency for such time as he may determine.

Section 104. Records management: Transfer of the National Archives

(a) *Transfer of the National Archives Establishment.*—This subsection transfers to the General Services Agency the functions, records, and personnel of the National Archives Establishment, and to the Administrator of General Services the functions of the Archivist of the United States.

(b) *Transfer of National Archives Council and other bodies.*—This subsection transfers to the General Services Agency the National Archives Council, the National Historical Publications Committee, the National Archives Trust Fund Board, the Board of Trustees of the Franklin D. Roosevelt Memorial Library, and the Administration Committee of the Federal Register, and provides that the authority of the Administrator under section 106 shall not extend to those bodies or their functions.

(c) *Surveys of Government records.*—This subsection authorizes the Administrator to make surveys of Government records, records management, disposal practices, and obtain reports on records and disposal procedures from Federal agencies. The Administrator is authorized to promote improvements in records management, storage,

and disposition of records and to report to Congress and to the Director of the Bureau of the Budget the results of such activities.

Section 105. Transfer for liquidation of the affairs of the War Assets Administration

This section provides for the liquidation of the affairs of the War Assets Administration as an agency and transfers its remaining functions, and its records, property, personnel, obligations, and commitments to the General Services Agency. It also permits the retention of certain special assistants and other experts now holding appointments without regard to the provisions of the civil-service laws and the Classification Act of 1923, as amended, and their appointment to similar positions.

The retention in employment and the status of other personnel transferred from War Assets Administration to the General Services Agency will be governed by applicable provisions of existing law.

Section 106. Redistribution of functions

Under this section the Administrator of General Services, in order effectively to perform the functions vested in him under the terms of this bill, is authorized to regroup and distribute within the Agency, functions transferred to or vested in him by the bill, and, with approval of the Director of the Bureau of the Budget, to make appropriate transfers of funds in connection therewith. Approval of the Director is required in order to assure that funds are expended for the purpose for which they were appropriated, but it is not intended to give him a veto power over the Administrator so far as the organization of the Agency is concerned.

Section 107. Transfer of funds

(a) This section transfers to the General Services Agency for activities under the bill the appropriations, allocations, or other funds available to the Department of the Treasury, the War Assets Administration, the Federal Works Agency, and the National Archives Establishment for the functions transferred.

(b) *Transfer of functions of other agencies.*—This subsection provides that in the event that any other Federal agency, or any of its components, which are not specifically identified in this bill, are transferred to the General Services Agency, the functions, records, personnel, and funds of such organizations shall be transferred to the General Services Agency.

Section 108. Status of transferred employees.

This section provides that, subject to other provisions of this title relating to personnel, employees transferred shall be deemed to be employees of the General Services Agency so as not to require reappointment.

Section 109. General supply fund

(a) This subsection reconstitutes the existing general supply fund for use by or under the direction of the Administrator. It establishes a ceiling on the capital of the fund and increases the present authorized capital by the amount of surplus therein at the end of the fiscal year 1949, varying for that fiscal year the rule that the surplus found in the fund as of June 30 be covered into the Treasury as miscellaneous receipts. The subsection continues the general purposes for which the

fund may be used, providing specifically for its availability for procuring personal property (including the purchase from or through the Public Printer of standard forms and blankbook work for field warehouse issue) and nonpersonal services for the use of Federal agencies in the proper discharge of their responsibilities, and for paying all elements of cost of the procurement, handling, and distribution thereof except, effective July 1, 1950, those elements of cost which are determined to be indirect or overhead costs. The authorizations to use the fund to procure standard forms and blankbook work from the Public Printer and to make the fund's facilities available to all Federal agencies should contribute to the extension of the benefits of centralized procurement to all cases where such methods are more efficient and economical.

In eliminating the indirect and overhead costs from the costs which may be charged to the fund, cognizance has been taken of the recommendations of the Commission on Government Organization that the present surcharge on the price of commodities purchased centrally be eliminated and that the administrative costs of the central procurement agency be paid through direct appropriation. The provisions of this subsection are the result of an effort to find a practical solution of the problem of the surcharge. It is intended that the general supply fund be used to pay only those elements of cost directly applicable to its procurement, handling, and distribution activities, such as the purchase price and transportation to first storage point of supplies and services; the cost of equipment and material used exclusively in the handling, repair, and distribution of supplies; breakage, shrinkage, and other inventory losses; the costs of personal services of personnel employed in contracting and processing of orders for, and inspecting on receipt of, supplies purchased from the fund; and the cost of direct labor employed on the warehousing and distribution activities of the fund. Other costs, such as general supervisory, clerical and accounting costs, office and miscellaneous equipment and supplies, which are not incurred directly in connection with the procurement, handling, and distribution of supplies and services purchased from the fund will, as determined by the Administrator with the approval of the Director of the Bureau of the Budget, be budgeted and provided for by direct appropriation.

(b) This subsection provides for the fixing of prices of supplies and services sold from the General Supply Fund under the laws and regulations now applicable until July 1, 1950, and thereafter on the basis of recovering only the direct costs as outlined in connection with subsection (a) above. Reimbursement procedures are simplified by giving increased scope to the advance payment method of financing purchases from the fund, and by substantially reducing certain cumbersome and costly alternative procedures. The revised reimbursement procedures give effect, to the fullest extent practicable, to sound accrual accounting principles so that the books of the purchasing agencies will more accurately reflect the value of supplies and services actually received, and thus further the program which is under way to improve accounting throughout the Government. Prompt processing of reimbursements is essential to the successful operation of the program. To insure against undue delay, provision is made for reimbursement of the fund by transfer and counterwarrant if payment is not made by a requisitioning agency within 45 days after billing.

(c) This subsection provides that the general supply fund shall be credited with all reimbursements, advances, and refunds relating to supplies or services procured through the fund, including the net proceeds of disposal of surplus property of the fund. It substantially reenacts existing law. Since the general supply fund is a revolving fund, it is appropriate that these moneys be so credited in the interest of smoothness of its operation and to avoid its depletion.

(d) Under this subsection the most effective utilization of cash resources of the fund is provided for, by authorizing the establishment of a special deposit account into which all advances and fund receipts may be deposited, and from which payments may be made immediately. Under this simplification of the present collection and disbursement procedures applicable to the fund, cash will be available for use promptly after collection, without sacrificing any necessary controls.

(e) This subsection alters the previous requirement that all surplus in the fund, as determined in the annual audit by the Comptroller General, must be covered into the Treasury as miscellaneous receipts, by permitting losses incurred by the fund in prior years, as well as all assets and liabilities, to be considered in ascertaining the amount of such surplus. This change takes cognizance of the fact that such prior losses represent impairments of the fund capital, unless made good from earnings, and also will counteract any tendency to establish prices at too high a level. Also, there is added the requirement that the Comptroller General report to the Congress annually the results of the audit. Such reports, and his recommendations as to the status and operations of the fund, should be helpful to the Congress in its consideration of supply activities.

(f) This subsection makes the procurement facilities of the fund available to mixed-ownership Government corporations, to the municipal government of the District of Columbia, and, in certain cases, to non-Federal agencies, but requires that prices charged for supplies furnished these agencies shall be fixed at levels estimated by the Administrator to be sufficient to recover, in addition to the direct costs, the indirect costs determined by the Administrator to be allocable thereto. It is contemplated that a minimum of increased work will be entailed by the different treatment of agencies procuring under this subsection, considering the provision for cost estimates. The entire amount of reimbursements by such agencies will be deposited into the fund, subject to annual covering into miscellaneous receipts of any surplus which may remain in the fund at the close of the fiscal year. To the extent applicable, all the other features of subsections (a) to (e), inclusive, will govern procurements under this subsection.

TITLE II. PROPERTY MANAGEMENT

This deals with the subject of property management within the United States.

Section 201. Procurement, warehousing, and related activities

(a) *Centralized control.*—This subsection authorizes the Administrator of General Services, where it is advantageous to the Government, to regulate the policies and methods of executive agencies with respect to the procurement and supply of personal property and nonpersonal

services, including related functions such as contracting, inspection, storage, issue, specifications, property identification and classification, transportation and traffic management, management of public-utility services, repairing and converting, and establishment of forms and procedures. The Administrator may himself procure such personal property and nonpersonal services and perform such related functions, may consolidate and operate or arrange for the operation of suitable warehouses, repair shops, and similar facilities, and may represent executive agencies in negotiations with, and in proceedings before, regulatory bodies involving carriers and other public utilities.

The Administrator is authorized to negotiate contracts for public-utility services, for agencies and departments, where it is deemed advantageous to the Government, for periods in excess of 1 year but not exceeding 10 years.

The provisions with respect to traffic management and management of public-utility services, and representation are not intended to abrogate any authority of the Department of Justice with respect to legal proceedings. This authority over procurement matters vested in the Administrator is a restatement of authority currently exercised by the Bureau of Federal Supply, except that the control over the purchases of wholly owned Government corporations is new, and that the relationship with the National Military Establishment is somewhat changed. The Secretary of Defense is authorized, unless the President shall otherwise direct, to exclude procurement for the National Military Establishment from control of the Administrator where the Secretary deems exclusion in the best interest of national security. Combat equipment and other items of peculiar importance to the armed forces could thus readily be excluded by the Secretary of Defense. At the same time, the Administrator would be in a better position to serve the armed forces more fully in meeting their other supply requirements, and he can appeal to the President if he thinks the Secretary of Defense has wrongly excluded him from any field.

(b) *Services to the legislative and judicial branches, and mixed-ownership corporations.*—This subsection authorizes the Administrator upon the request of any agency in the legislative or judicial branches of the Government, or of any mixed-ownership Government corporation, or of the District of Columbia, to purchase, warehouse, and distribute personal property and nonpersonal services to meet their needs. Government economy will be furthered by allowing these organizations, supported in whole or in part by the Federal Government, to take advantage of savings in procuring supplies which the Administrator can provide through the operation of a central procurement system.

It is believed that with the exceptions provided in the bill, the system of centralized procurement, strengthened by the statutory support which the bill provides, will prove its efficiency and economy in the years to come. This does not mean that every item must be procured by a central agency, but only that such an agency must be responsible for determining how every item shall be procured, and for prescribing the manner of procurement which is best under the circumstances.

(c) *Application of trade-in allowances.*—This subsection authorizes executive agencies to exchange or sell personal property and apply the trade-in allowance or proceeds of sale in whole or part payment for

property acquired where such exchange is the common commercial practice. This is an expansion of authority given under a number of existing statutes to specific agencies or with respect to specific types of property.

Section 202. Property utilization

This section deals with the most important phase of property management, which is continuing use by the Government of the Government's property.

(a) *Over-all direction of Administrator of General Services.*—This subsection fixes upon the Administrator of General Services the over-all responsibility to prescribe the policies and methods to promote the greatest use in the entire executive establishment of property which is excess to the needs of one particular establishment and also to provide for the transfer of such property among Federal agencies.

(b) *Responsibility of executive agencies to survey property.*—This subsection imposes upon each executive agency the responsibility, in the first instance, (1) to maintain adequate inventory controls and accountability systems for its property (see also sec. 205 (b)), (2) to survey its property continuously to determine which is excess to its needs and promptly report excess property to the Administrator, (3) to care for such excess property, and (4) transfer or dispose of such property in accordance with authority delegated and regulations prescribed by the Administrator.

(c) *Responsibility of executive agencies to use property.*—This subsection similarly imposes upon each executive agency the responsibility, in the first instance, to reassign property among activities within such agency, to transfer its excess property to other agencies, and to obtain for its use property which is excess to the needs of other agencies.

(d) *Transfer of property within National Military Establishment.*—This subsection permits the free transfer of excess property among the Departments of the National Military Establishment under existing provisions of law and procedures defined by the Secretary of Defense.

(e) *Terms for transfer of excess property.*—This subsection generally requires that transfers of excess property between Federal agencies shall be at the fair value thereof, as determined by the Administrator of General Services. Exceptions are made in the case of a transfer for general distribution among Federal agencies or for disposal as surplus property or where such transfer without reimbursement is otherwise authorized by recent legislation. "Transfers for redistribution to other Federal agencies" refers to instances where property is turned over to the Bureau of Federal Supply for redistribution rather than transferred direct for the use of another agency. When the redistribution occurs the transfer should be at fair value.

(f) *Transfer of property within an agency.*—Under this subsection transfers of property among activities financed by different appropriations to the same agency must be reported to the Director of the Bureau of the Budget and, in turn, reported to the Congress.

(g) *Assignment of office and warehouse space.*—This subsection clarifies and strengthens existing law by authorizing the Administrator of General Services to assign and reassign space in excess real property to any Federal agency for office, storage, or related facilities. He may obtain reimbursement for such assignment in the absence of an appropriation available to him therefor. It is expected that operations

under this subsection can and should materially lessen the present leasing of space for Government use in private office buildings.

(h) *Abandonment or donation of property.*—This subsection authorizes the abandonment, destruction, or donation to public bodies, of property having no commercial value, or the estimated proceeds from its sale.

Section 203. Disposal of surplus property

(a) *Responsibility of General Services Administrator.*—This subsection provides that the General Services Administrator shall have supervision and direction over the disposition of property surplus to the needs of the entire Government.

(b) *Care and handling of surplus property.*—This subsection provides that the care and handling of surplus property pending its disposition, and the disposal of surplus property, may be performed by the General Services Agency or any executive agency designated by the Administrator. An agency other than the one in possession, however, cannot be designated to perform care and handling or disposal without its consent.

(c) *Terms of disposal.*—This subsection provides that any agency disposing of surplus property may do so by sale, exchange, lease, permit, or transfer, for cash, credit, or other property, with or without warranty, and may execute such documents for the transfer of the property as may be necessary.

(d) *Title of transferees.*—This subsection is designed to protect the interest of bona fide grantees or transferees. It makes instruments purporting to transfer title or other interest in surplus property under this act, which are executed by an executive agency, conclusive evidence of compliance with the provisions of the act in the absence of notice of defects.

(e) *Advertising for bids.*—This subsection provides that surplus property disposals may be made without regard to provisions of existing law for advertising, unless otherwise determined by the Administrator, until December 31, 1950. Thereafter, advertising and competitive bids will be required in disposing of such amount of surplus real property generated by World War II as is not sold by that date.

(f) *Adjustments for contractor inventories.*—This subsection provides that contractors or subcontractors with executive agencies may be authorized to retain or dispose of their contractor inventories.

(g) *Consultation with Secretary of Agriculture.*—This subsection requires the Administrator to consult with the Secretary of Agriculture in formulating policies for the disposal of surplus agricultural commodities, surplus food processed from agricultural commodities, and surplus cotton and woolen goods, and further requires that such policies shall be formulated to prevent surplus agricultural commodities or surplus food products from being dumped on the market in such manner as to disrupt the market prices for agricultural commodities.

(h) *Disposal of agricultural commodities.*—This subsection requires the Administrator to transfer to the Department of Agriculture without charge, any surplus agricultural commodities, foods, or cotton or woolen goods, whenever the Secretary determines it necessary in carrying out his responsibilities with respect to price support or

stabilization, and further requires that the receipts from disposals by the Department of Agriculture shall be deposited pursuant to authority available to the Secretary of Agriculture and the net proceeds of sales of property so transferred shall be credited pursuant to the provisions relating to proceeds in section 105 (b). It also provides that, except when sold for export, surplus farm commodities so transferred may not be sold in quantities in excess of or at prices less than those relating to such commodities when sold by the Commodity Credit Corporation.

(i) *Disposal of vessels for merchant use.*—This subsection establishes the United States Maritime Commission as the statutory disposal agency for surplus vessels of 1,500 gross tons or more, which it determines to be merchant vessels or capable of conversion to merchant use. Such vessels are to be disposed of in accordance with the Merchant Marine Act of 1936 and other laws relating to the sale of such vessels.

(j) *Donations for educational purposes.*—This subsection authorizes the Administrator of General Services, in his discretion, to donate surplus personal property usable for educational purposes as determined by the Federal Security Administrator, who shall allocate such property on the basis of needs and utilization for transfer by the Administrator of General Services, either direct or through State departments of education, to tax-supported and nonprofit school systems, schools, colleges, and universities. Provision is also made for allocation by the Secretary of Defense for transfer by the Administrator to educational activities of special interest to the armed services, such as maritime academies or military or naval preparatory schools, of surplus property of the National Military Establishment which the Secretary determines to be usable for such activities. It is expected that the Federal Security Administrator will delegate to the United States Commissioner of Education authority to make determinations and allocations under his general supervision, and that the Secretary of Defense will similarly delegate to an appropriate official his authority under this subsection.

(k) *Transfers of surplus real property for public use.*—(1) Under the Surplus Property Act of 1944, as amended, surplus real property has been transferred for public health and educational purposes subject to a public-benefit allowance to States and political subdivisions thereof and to tax-supported or nonprofit educational and medical institutions which have been held exempt from taxation under section 101 (6) of the Internal Revenue Code. This paragraph authorizes the Administrator in his discretion to assign to the Federal Security Administrator for disposal to such organizations surplus real property which has been recommended by the Federal Security Administrator as being needed for public health and education. It further provides that the Federal Security Administrator in fixing the sale or lease value of such property shall take into consideration any benefit which has accrued or may accrue to the United States from the use of such property by any eligible State, political subdivision, instrumentality, or institution.

(2) Under the Surplus Property Act of 1944, as amended, surplus property has been transferred, and under this act will continue to be transferred, to States and political subdivisions thereof, and to tax-supported or nonprofit educational and medical institutions for

specified uses, subject to various conditions and reservations. This paragraph would permit the head of the interested Government agency, subject to disapproval by the General Services Administrator, to enforce compliance with such terms, conditions, or reservations; to reform, correct, or amend the instruments of transfer by which such conditions or reservations are imposed; and to grant releases (including conveyances by quitclaim deed, in the case of real estate) from such conditions, reservations, and restrictions to the original transferee or to another eligible user. Such releases are to be conditioned upon findings that the property no longer serves the purpose for which the transfer was made or that release will not prevent accomplishment of the purpose of such transfer, and upon such other conditions as may be necessary to protect or advance the interests of the United States.

(1) *Abandoned property.*—Authorizes the Administrator to take possession of abandoned and other unclaimed property on Government premises to determine when title thereto vested in the United States, and to utilize transfer or otherwise dispose of such property. Former owners of such property will have 3 years from the date of vesting of title in the United States to file claim and if such claim is found proper are to be paid the proceeds realized from the disposition of the property, or, if the property is used or transferred, its fair value as of the time title vested in the United States as determined by the Administrator, less in either case the costs incident to the care and handling of such property as determined by the Administrator. It is contemplated that if such property is utilized or transferred its fair value will be paid by the receiving agency in line with the provisions of section 202 (c), and that such amounts and proceeds realized from dispositions will be covered into the Treasury as miscellaneous receipts pursuant to section 204 (a). Under other authority in the bill appropriations may be made for payment of any claims presented by the rightful owners.

Section 204. Proceeds from transfer or disposition of property

(a) *Deposit of proceeds into miscellaneous receipts.*—This subsection requires all proceeds from the transfer of excess property to a Federal agency or from the sale, lease, or other disposition of surplus property to be covered into the Treasury as miscellaneous receipts, with the exceptions noted in subsections (b), (c), and (d).

(b) *Crediting of reimbursable funds.*—This subsection provides that in cases where the property was acquired by funds either not appropriated from the general fund of the Treasury, or appropriated therefrom and by law reimbursable from assessments, taxes, or other revenues, the net proceeds of the disposition or transfer of such property shall be credited to the reimbursable fund or appropriation or paid to the Federal agency declaring such property excess. It further provides that the proceeds shall be credited to miscellaneous receipts if the agency declaring the property excess shall deem it uneconomical or impracticable to ascertain the amount of net proceeds.

(c) *Refunds to purchasers.*—This subsection provides that Federal agencies disposing of surplus property may deposit in a special account with the Treasury whatever amounts they deem necessary to permit refunds to purchasers when any disposition is rescinded, or

for breaches of warranty, and to withdraw the amounts so to be refunded or paid.

(d) *Proceeds from contractors' sales.*—This subsection recognizes that the contractual provisions authorizing the proceeds of sales of property to be credited to price or cost of the work covered by the contract, are controlling and are not subject to the requirements of the act relating to covering proceeds into the Treasury as miscellaneous receipts.

(e) *Management of credit and security.*—This subsection makes it clear that the Administrator is authorized to administer and manage any credit, lease, or permit, and security therefor, taken in connection with the disposition of surplus property, and authorizes him to enforce, adjust, and settle the rights of the Government with respect thereto.

Section 205. Policies, regulations, and delegations

(a) *Presidential policies.*—By reason of the impact of this legislation upon all agencies in the executive establishment, this subsection authorizes the President, if he deems it advisable, to prescribe over-all policies and directives to govern the Administrator of General Services and executive agencies in operations under this act.

(b) *Property accounting systems.*—This subsection requires the Comptroller General, after considering the needs and requirements of executive agencies, to prescribe principles and standards of accounting for property, to cooperate with the Administrator of General Services and the executive agencies in developing property accounting systems, to approve satisfactory systems, to examine agency systems to determine the extent of compliance with principles, standards, and approved systems, and to report to the Congress cases of failure to comply therewith or adequately to account for property.

This is more flexible and vests more authority in the operating agencies than the recent independent offices appropriations acts, which prohibit the several agencies there named from installing or maintaining any property accounting system not prescribed or approved by the Comptroller General. The committee urges cooperation between the Comptroller General and other agencies in order that operating needs and costs may be fully considered. This section applies to all executive departments and agencies, with the exception, as provided in section 502 (c), of corporations and agencies subject to the Government Corporation Control Act.

(c) *Regulations of the Administrator.*—This subsection requires the Administrator to prescribe regulations for the effectuation of his functions under the act, and also requires the head of each executive agency to issue such orders and directives as are necessary to carry out such regulations.

(d) *Delegations of authority.*—Under this subsection the Administrator may redelegate his authority excepting, however, the authority to issue policy regulations and the authority to make reorganizations within the General Services Agency.

(e) *Designation of other agencies.*—So as to provide the greatest use of existing personnel and facilities within established agencies, this subsection authorizes the Administrator to designate other executive agencies to perform various procurement, utilization, or disposal functions with the proviso that any such designation shall be made

only with the consent of the agency concerned or upon direction of the President.

This proviso would not apply to the authority of the Administrator to prescribe regulations and the duty of agency heads to implement them under subsection (c).

(f) *Transfer of personnel and funds.*—When any designation is made under subsection (d) the Administrator may, under this subsection, transfer funds and personnel to the affected executive agency.

(g) *Advisory committees.*—This subsection authorizes the Administrator to establish advisory committees to advise with him in carrying out his functions. Experience has demonstrated the value of such committees to Government officers where Government programs affect closely business and industry. Specific statutory authorization is necessary because of the prohibitions against unauthorized boards and commissions in title 31, United States Code, section 673, volume 35, Statutes at Large, page 1027. Compare also title 5, United States Code, section 83, volume 37, Statutes at Large, page 124, and title 31, United States Code, section 551, volume 49, Statutes at Large, page 19. Because of the better control over the membership and activities of industry committees which is possible when they are established pursuant to statute, it would be advisable to provide specifically for such committees even apart from these laws.

(h) *Consultation with other agencies.*—This subsection makes it mandatory for the Administrator to advise and consult with affected Federal agencies.

Section 206. Surveys and standardization

(a) *Surveys, supply catalog, and contract forms.*—This subsection authorizes the Administrator to survey Government property and management practices, to cooperate with executive agencies in the establishment of reasonable inventory levels and to report excessive stocking to the Congress and the Budget Bureau, to establish and maintain a uniform Federal supply catalog system, and to prescribe standardized purchases and contract forms, procedures, and specifications. Making surveys, requiring reports concerning Government property, and establishing inventory levels, with due regard for the requirements of agencies concerned, will obviously promote better supply practices, and indeed are indispensable if the powers under sections 201 and 202 are to be effectively exercised. The Administrator's reports on excessive stocking will enable the Appropriations Committees and Budget Bureau examiners to make suitable reductions in appropriations and estimates. The authority to standardize Government purchase and contract forms, procedures, and specifications has been in effect and in use for many years and is demanded by industry to make its relations with Government easier. It is confusing and costly, for example, to have a contract for a supply item, with one agency, different in meaning and effect from one for the same kind of item with another agency. Existing control over the standardization of the Government construction contract forms and leases is continued in effect by provision in section 502 (b).

A uniform Federal supply catalog system, which identifies and classifies personal property under the control of Federal agencies, is essential for a well-managed Federal supply system so that there may be a common supply language among all parties to a transaction. The catalog will ultimately mean large savings to the Government

through reducing inventories of parts and supplies. Without such a catalog, identical items are carried in stock under different designations, swelling inventories to needless size. This cannot be avoided until each item is described, classified, and given a number for identification, so that duplications can be spotted at once. The disposal of surplus Government personal property will thus likewise be speeded. Provision is made for coordinating catalog activities with those of the National Military Establishment.

This subsection makes it clear that the National Military Establishment and the Bureau of Federal Supply will continue to cooperate toward the development of a Federal catalog system, as requested by the President, in accordance with the agreement (appendix A) signed by them.

(b) *Catalog and specifications mandatory.*—Due to the savings resulting from common use of the uniform supply catalog system and of standard purchase specifications, this subsection requires executive agencies to use them as far as practicable when prescribed by the Administrator. It is contemplated that questions of practicability, where dispute arises, will be settled by the Administrator.

(c) *Audit of property accounts.*—This subsection requires the General Accounting Office to audit all types of property accounts and transactions, such audit to be conducted at the site when practicable of the property or records and to include an evaluation of the effectiveness of internal controls and audits and a general audit of the discharge of the duty to account for property.

Section 207. Applicability of antitrust laws

This section requires any executive agency in beginning negotiations for the disposal of any plant or other property costing \$1,000,000 or more, to seek advice of the Attorney General, and it shall be the duty of the Attorney General to advise the executive agency whether the proposed disposition of the property would tend to create or maintain a situation inconsistent with the antitrust laws. The executive agency must assist the Attorney General by furnishing him any requisite information it may possess essential to the Attorney General's determination. This section also provides that nothing in the act shall modify or limit the applicability of the antitrust laws to persons who acquire property under the provisions of the act.

In one respect the section is broader than a similar provision in the Surplus Property Act of 1944. It requires a determination by the Attorney General as to whether the proposed disposal would tend to create or maintain a situation inconsistent with the antitrust laws, while under existing law the determination is whether the proposed disposition will violate the antitrust laws.

Section 208. Employment of personnel

(a) *Civil-service laws.*—Employment of personnel is required by this subsection to be subject to the civil-service and classification laws.

(b) *Consultants.*—As an exception to the foregoing, this subsection grants to the Administrator limited authority to procure the temporary service of experts and consultants.

(c) *Officers of other agencies.*—The principal purpose of this subsection is to authorize the Administrator to utilize commissioned officers in the armed services with the consent of the head of the agency concerned.

Section 209. Civil remedies and penalties

(a) *Liability of Government employees.*—This subsection exempts officers and employees of the Government disposing of property under this act from liability with respect to such disposition, except for their own fraud, and from liability for the collection of any purchase price determined to be uncollectible. This provision is necessary because of the wide discretion which must be permitted persons charged with disposition under circumstances calling for swift action, and the tremendous volume of property covered by the act.

(b) *Civil penalties for fraud.*—This subsection deals with the civil liability of persons who engage in false, fraudulent, or fictitious activities or conceal or misrepresent material facts or act with intent to defraud the United States, or who enter into an agreement or conspiracy, or cause other persons to do any of the foregoing. The United States is given the option of selecting among three different measures of damages—

1. Any person engaged in such activities can be sued for the sum of \$2,000, for each such act, plus twice the amount of the damage sustained by the United States, plus the cost of suit.

2. The United States may recover from such person the amount of consideration paid by it to such person, or twice the amount of consideration which such person agreed to give the United States.

3. The United States may keep the property acquired by reason of the above-described fraud, plus the consideration given to it for that property.

Section 210. Reports to Congress

This section requires the Administrator to submit to Congress in January of each year and at such other times as he may deem it desirable, a report regarding the administration of his functions under the act, together with any recommendations for amendments which he may deem appropriate.

TITLE III. PROCUREMENT PROCEDURE

This title follows in structure, and is identical in language, with the Armed Services Procurement Act with a few appropriate changes and omissions.

Section 301. Declaration of purpose

This section states that the purpose of title III is to facilitate the procurement of supplies and services.

Section 302. Application and procurement methods

(a) This subsection makes the provisions of title III applicable to purchases and contracts for supplies or services made by the General Services Agency either for its own use or otherwise, including centralized procurement. By delegation the Administrator may authorize any other civilian executive agency to use the procedure set forth in title III when such agency is designated to perform a central procurement function. In addition, authority to use the procedures set forth in title III may be delegated by the Administrator to another civilian executive agency in other cases where the Administrator determines that such delegation is advantageous to the Government

in terms of economy, efficiency, or national security. It is required that the Administrator's determination in such other cases set forth the circumstances upon which the determination is based. The terms "economy" and "efficiency" will be broad enough to cover cases where authority is delegated to negotiate contracts under 302 (c) (5) and 302 (c) (10) of this title. This title does not confer upon any civilian executive agency any vested right to receive such delegation. It is expected that such power of delegation will not be exercised indiscriminately but rather will be used with care and discretion. It is also expected that the Administrator will make periodic reviews to determine whether the authority so delegated has been properly used, and that he will either take such action as may be necessary to correct any misuse or will withdraw the delegation. After the Administrator has made such delegation he shall give notice thereof to the General Accounting Office.

(b) This subsection states the policy that a fair proportion of the total purchases and contracts shall be placed with small business concerns and further provides that notice of intent to negotiate shall be published in certain cases.

(c) Initially, this subsection reaffirms the basic principle that purchases and contracts shall be made by advertising. Negotiation is made permissible in certain excepted cases, however, to provide flexibility in Government procurement.

(1) This paragraph would permit automatic and immediate transition from more rigid peacetime advertising procedures to a completely flexible system if the President or the Congress declares the existence of a national emergency.

(2) This provision is an adaptation of a portion of section 3709 of the Revised Statutes as amended by section 9 (a) of the act of August 2, 1946 (60 Stat. 809; 41 U. S. C. 5). Whenever urgency requires an immediate purchase this exception would be available irrespective of whether the emergency could or should have been foreseen.

(3) This paragraph extends to the General Services Agency the power to negotiate if the aggregate amount involved does not exceed \$1,000. However, no delegation of such authority may be made to other executive agencies under this paragraph for purchases or contracts for supplies or services in excess of \$500 unless such purchasing or contracting is for centralized procurement.

(4) This provision permitting negotiation for personal or professional services is an adaptation of the exception from advertising provided by section 3709 of the Revised Statutes, as amended, hereinabove referred to.

(5) This paragraph would permit negotiation of contracts for technical assistance, expert study and the application of specialized knowledge to be performed by any university, college, or other educational institution. This would cover matters which might not clearly qualify as experimental, developmental, or research work under paragraph (10) of this section.

(6) Under this paragraph if supplies or services are to be procured and used outside the limits of the United States and its possessions the contracts or purchases may be negotiated. In such cases it is frequently impracticable or uneconomical to advertise.

(7) Due to the technical nature, special characteristics, and differing qualities of medicines and medical supplies it is sometimes extremely

difficult if not impossible to describe adequately in detailed specifications the exact characteristics of qualities needed. In such cases the need for negotiation is clear.

(8) Where supplies are purchased for authorized resale, the purchasing agency must accommodate the brand preference or the quality preference of the organization requesting the purchase. This paragraph therefore provides authority to negotiate such purchases.

(9) This paragraph provides for negotiation where it is impracticable to secure competition and places upon the agency concerned the maximum responsibility for decisions as to when it is impracticable. It is intended that this paragraph should be construed liberally.

(10) The very nature of a research and development contract does not ordinarily lend itself to formal advertising. This paragraph therefore provides that contracts for experimental, developmental, or research work or for the manufacture or furnishing of supplies for experimentation, development, research, or test may be negotiated and provides also for periodic reports to the Congress of action taken under this paragraph.

(11) It is provided that in cases where the purchase or contract should not be publicly disclosed negotiation may be employed. In such cases public disclosure through advertising would clearly be adverse to the interests of the Government.

(12) This paragraph permits negotiation of contracts for technical equipment in order to assure standardization of equipment and interchangeability of parts when such standardization and interchangeability is necessary in the public interest. It is intended that this authority should be used in special situations or in particular localities and such provision has been therefore added to the language as it appears in section 2 (c) (13) of the Armed Services Procurement Act of 1947. The paragraph would protect in every way possible the principles of competition and antimonopoly consistent with the occasional need for such standardization, and section 307 (b) of this title provides that the agency head may not delegate his responsibility for making any of the determinations required under this paragraph.

(13) Permits negotiation for supplies or services when it is determined that bid prices after advertising are not reasonable either as to all or some part of the requirements or have not been independently arrived at in open competition. It is designed to cope with cases including those where all bids received are too high, although not actually identical or apparently collusive. The committee believes that this paragraph will be most useful to break collusive bidding, follow-the-leader pricing, rotated low bids, identical bids requiring drawing of lots, uniform estimating systems, refusal to classify the Government as other than a retail buyer regardless of the quantity purchased, and similar other practices. Notification of the intention to negotiate after such advertising and reasonable opportunity to negotiate must be given to each responsible bidder and also the negotiated price must be the lowest negotiated price offered by any responsible supplier. This paragraph is a modification of paragraph 2 (c) (15) of the Armed Services Procurement Act of 1947. The modification will remove a restriction which in cases such as sudden upward market fluctuations might make it impossible to secure the needed supplies.

(14) This provision would preserve the authority to negotiate contracts conferred by other permanent legislation, for example, the Strategic and Critical Materials Stock Piling Act (60 Stat. 596; 50

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U. S. C. 98-98h). This paragraph also has the effect of permitting negotiation under any relevant law which may be subsequently enacted whether said law is general or special legislation.

(d) The immediate furnishing of evidence of possible violations of the antitrust laws to the Department of Justice as required by this subsection will facilitate appropriate action where violations exist and will have a valuable moral effect on bidders. Compliance with this paragraph is not to be construed, however, as a condition precedent before exercise of the authority conferred by this title.

(e) For clarity this subsection provides that section 302 does not authorize or change the existing requirements for authorization for the erection or repair of buildings, roads, sidewalks, or similar items.

Section 303. Advertising requirements

(a) This section would establish broad standards for advertising, reserving appropriate discretion in the agency. It is considered both unnecessary and unwise to prescribe detailed and restrictive requirements, and it is believed that such matters should be left to be dealt with by regulation. The section provides that advertising shall be so conducted as to secure such full and free competition as is consistent with the procurement of types of supplies and services needed.

(b) This subsection provides for the public opening of bids and reaffirms the principles that the award shall be made to the responsible bidder whose bid is most advantageous to the Government, price and other factors considered, and that the Government may reject all bids when such action is deemed advisable. The question as to whether a particular bidder is a "responsible bidder" requires sound business judgment and involves evaluation of the bidder's experience, facilities, technical organization, reputation, financial resources, and other factors and a broad discretion is accordingly reserved to the agency with respect to the making of such determination.

Section 304. Requirements of negotiated contracts

(a) The right to use the most suitable type of contract is a necessary and inseparable adjunct to the right to negotiate and this subsection therefore permits negotiated contracts to be of any type which in the opinion of the agency head will promote the best interests of the Government, except as provided in subsection (b). Authority to negotiate contracts in the first instance carries with it equal authority to negotiate subsequent changes in the terms of negotiated contracts and such amendments may also be of such type as the agency head believes will promote the best interests of the Government. This subsection also provides that every negotiated contract shall contain a suitable warranty against contingent fees.

(b) This subsection prohibits the cost-plus-a-percentage-of-cost system of contracting and prescribes maximum fees in connection with cost-plus-a-fixed-fee contracts. Neither a cost nor a cost-plus-a-fixed-fee contract nor an incentive-type contract may be used unless it is determined that such method is likely to be less costly than other methods or that it is impracticable to secure supplies or services of the kind or quality without the use of such type of contract.

Section 305. Advance payments

(a) This permits the agency head to make advance payments under negotiated contracts upon adequate security if the agency head determines such payments to be in the public interest or in the interest

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of the national defense and necessary and appropriate in order to procure the required supplies or services. This authority is essential in periods of emergency and in peacetime it is often the only way in which it can be made possible for a small business concern to handle Government contracts. Often institutions of learning, research laboratories, inventors, and similar contractors who perform most of the experimental, research, and developmental contracts need advance payments because they do not have sufficient funds to finance or are unwilling to finance such contracts completely out of their own resources. The power to make advance payments is permissive only, and under section 307 (b) of this title may not be delegated by the agency head.

(b) The additional form of security by way of lien which is provided for by this subsection is a permissive feature which may be very useful, especially in the event that a joint bank account, a controlled account, or a special bank account is established in connection with an advance payment.

Section 306. Waiver of liquidated damages

This section permits the Comptroller General, in his discretion, upon proper recommendation by the agency concerned, to remit sums due the Government under contract terms providing for the assessment of liquidated damages for a delay in performance. This will permit the Comptroller General to meet those situations in which the strict application of the liquidated damages provisions would be inequitable either in whole or in part and regardless of whether timely notice is given with respect to the delay.

Section 307. Administrative determinations and delegations

(a) This subsection provides that the determinations and decisions to be made by the Administrator or other agency head may be made with respect to individual purchases and contracts or with respect to classes of purchases or contracts and that such determinations and decisions shall be final. It allows delegation by the agency head except in those cases designated in subsection (b) of this section. The determinations and decisions so made will not be made subject to invalidation or challenge by the Comptroller General or the courts. However, the broader the power or the more important the decision or determination, the higher the level at which the decision or determination will be made.

(b) This subsection prohibits the agency head from delegating the power to make the determinations or decisions specified in paragraphs 11 and 12 of section 302 (c), which concern respectively contracts which should not be publicly disclosed and standardization of technical equipment and in section 305 (a), concerning the making of advance payments. This subsection also restricts the power of the agency head to make the decision or determinations specified in paragraph (10) of section 302 (c) which concerns experimental, developmental, or research contracts. Furthermore, under this subsection the Administrator's power to delegate to another civilian executive agency the right to use the authority provided under title III can be delegated by the Administrator only to the Deputy Administrator of the General Services Agency or to the chief official of any principal organizational unit of the General Services Agency. It is believed that such power to confer authority upon another civilian agency

should be exercised only at a high level within the General Services Agency.

(c) As a further safeguard this subsection requires that determinations or decisions concerning research and development contracts, contracts which should not be publicly disclosed, standardization of technical equipment, and negotiation after advertising, the type of contract to be used and the making of advance payments shall be based upon written findings, that these findings shall be final, and shall be available within the agency for at least 6 years after making such determination. Furthermore, it provides that a copy of the findings shall be furnished to the General Accounting Office with the contract.

(d) Data with respect to negotiation is required to be preserved in the agency for 6 years following final payment on the contract except where negotiation is pursuant to public exigency, a dollar amount, for personal or professional services, for services to be rendered by an educational institution, or for supplies or services which are to be purchased and used outside the limits of the United States or its possessions.

Section 308. Statutes continued in effect

This section provides that contracts executed under this title shall not be exempt from the provisions of the Walsh-Healey Act, the Davis-Bacon Act, or the 8-hour law by reason of their having been entered into by negotiation.

Section 309. Definitions

(a) This subsection defines the term "agency head" as used in title III to mean the head, or an assistant head of any executive agency, and provides that the term may at the option of the Administrator include the chief official of any principal organizational units of the General Services Agency. This is deemed salutary in order to reserve the power of determination and decision at an adequately high level, and at the same time to designate the officials intended to be covered.

(b) This subsection defines supplies to include all property except land, and to include, by way of description and without limitation, public works, buildings, facilities, ships, floating equipment, vessels, aircraft, parts accessories, equipment, machine tools, and alteration or installation thereof. These illustrations are intended only as examples and the committee has attempted to meet present and future contingencies.

Section 310. Statutes not applicable

This section provides that the following acts shall not be applicable to the procurement of supplies or services by the General Services Agency:

Revised Statutes, section 3709, as amended, which concerns formal advertising;

Revised Statutes, section 3735, which prohibits the making of contracts for "stationery or other supplies" for more than 1 year; and

Sections 1 and 2 of the act of October 10, 1940, which set forth certain specific exemptions from Revised Statutes, section 3709, which are not in harmony with this title.

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These statutes would also be suspended for procurement made by another civilian executive agency, under proper delegation of authority made by the Administrator and solely within the scope of that authority, and such suspension would be limited to the extent and within the purview of the authority thus delegated.

TITLE IV. FOREIGN EXCESS PROPERTY

Section 401. Disposal of foreign excess property

This section generally provides that, except where commitments exist under previous agreements, all excess property located in foreign areas shall be disposed of by the owning agency. The head of the agency in question is directed to conform to the foreign policy of the United States in making such disposals. The section provides further that the Secretary of State shall continue to administer existing agreements with respect to the disposal of foreign excess property and shall have authority to amend, modify, and renew such agreements in order to carry on the foreign educational exchange program and the purposes of the Foreign Service Buildings Act and to provide local currencies under procedures established by the Secretary of the Treasury for the payment of expenses of the United States in the country in question.

Section 402. Methods and terms of disposal

This section authorizes disposals of foreign excess property under terms similar to those in the Surplus Property Act of 1944, as amended, under which foreign disposals are currently being made. Foreign excess property may be disposed of by sale, exchange, lease, or transfer, for cash, credit, or other property, with or without warranty, and upon such other terms and conditions as the head of the executive agency concerned deems proper. Such property may be disposed of for foreign currencies or credits, or substantial benefits or the discharge of claims resulting from the compromise or settlement of such claims by any executive agency in accordance with the law, whenever the head of the executive agency concerned determines that it is in the interest of the United States to do so. Disposals may be made without advertising when the head of the executive agency finds such a course to be most practicable and to be most advantageous to the Government. Sales of agricultural commodities, food, or cotton or woolen goods must include a condition forbidding importation into the United States unless the Secretary of Agriculture determines that such property is in short supply in this country. The head of the executive agency responsible for disposal may execute the documents necessary to transfer the interest of the United States in the property and may authorize abandonment, destruction, or donation of foreign excess property under his control which has no commercial value or the estimated costs of care and handling of which would exceed the estimated proceeds of sale.

Section 403. Proceeds; foreign currencies

This section provides that the proceeds from sales of foreign excess property shall, if in the form of foreign currencies or credits, be administered in accordance with procedures prescribed by the Secretary of the Treasury and shall, if in United States currency or when reduced to United States currency, be covered into the Treasury as miscel-

laneous receipts. The provisions of section 204 (b) relating to reimbursable funds or appropriations shall apply to proceeds of foreign excess property under this title. The section further provides that any executive agency disposing of surplus property under this title may establish a special account with the Treasurer of the United States from which appropriate refunds to purchasers may be made.

Section 404. Miscellaneous provisions

(a) *Presidential policies.*—The President is granted general authority to prescribe policies deemed necessary to execute the provisions of this title.

(b) *Delegation of authority.*—Any authority conferred upon any executive agency under this title may be delegated and successive redelegations authorized by the head of such agency to any official in such agency or to the head of another executive agency.

(c) *Employment of personnel.*—The head of each executive agency responsible for the disposal of excess property hereunder may, subject to the civil-service and classification laws, appoint and fix the compensation of necessary personnel and without regard to the civil-service and classification laws appoint and fix the compensation of personnel outside the continental limits of the United States as may be necessary to carry out his functions.

(d) *Reports to Congress.*—Each agency responsible for foreign disposal shall make annual reports to Congress relative to its activities under this title.

(e) *Transfer of personnel, funds, etc.*—Such records, property, personnel obligations, commitments, and unexpended balances of appropriations, allocations, and other funds as are determined by the Director of the Bureau of the Budget to relate to the functions transferred to another executive agency under this title shall be transferred from the Department of State to that agency.

TITLE V. GENERAL PROVISIONS

Section 501. Applicability of existing procedures

This section continues in effect all existing policies and procedures until superseded or amended under authority of the act.

Section 502. Repeal and saving provisions

(a) *Repeal of Surplus Property Act, certain exceptions.*—This subsection repeals all the Surplus Property Act of 1944 except (i) sections 13 (g) and (h), relating to transfers for education and health, the airport program, and parks, recreation, and historic monuments and section 32 (b) (2) relating to the foreign-scholarship program, all of which are retained as permanent legislation; and (ii) section 28 suspending a statute of limitations. The provisions of the Supplemental Independent Offices Appropriation Act, 1949 (Public Law 862, 80th Cong.), as amended, abolishing the War Assets Administration as of June 30, 1949, and assigning its property-disposal functions to several different agencies, are likewise repealed, as are two statutes authorizing the armed services to donate obsolete personal property for educational purposes. The latter statutes were superseded by Public Law 889, Eightieth Congress, which is likewise repealed, since it will be superseded by the donation provisions in section 203 (j). This subsection also repeals parts of some 23 statutes relating to use

of trade-in allowances which will be superseded by section 201 (c). Finally, this subsection repeals section 4 of the act of June 17, 1910 (36 Stat. 531; 41 U. S. C. 7), concerning the General Supply Committee; the act of February 27, 1929 (45 Stat. 1341; 41 U. S. C. 7a, 7b, 7c, and 7d), concerning central procurement by the Secretary of the Treasury and authorizing the establishment and use of the general supply fund; and section 1 of the act of May 14, 1935 (49 Stat. 234; 41 U. S. C. 7c-1), covering the use of the general supply fund for the operation of the Government fuel yards. These provisions will be superseded upon the enactment of the general scheme of Government procurement contemplated in this bill which will more effectively accomplish the same objectives.

(b) *Repeal of Executive Order 6166.*—This subsection supersedes Executive Order 6166 so far as it relates to the Bureau of Federal Supply, except for the functions reserved with respect to standardizing contract forms, such as the lease and the construction contract form.

(c) *Declaration of additional authority.*—By this subsection the authority conferred by the act is declared supplemental and not subject to other legislation.

(d) *Special exemptions from the act.*—This subsection exempts from operations under the act a number of activities requiring special treatment. Chief among these are programs for price support, stabilization, grants to farmers, and foreign aid; procurement procedures under the Armed Services Procurement Act of 1947 (this statute is concerned only with procedures and it is not intended by its inclusion in this subsection to grant any exemption from the substantive provisions of the bill); the stock piling of critical materials; the national school-lunch program; the Housing and Home Finance Agency with respect to the disposal of residential property; and the Atomic Energy Commission.

(e) *Limitation on open-market purchases.*—This subsection amends section 3709 of the Revised Statutes as amended by raising from \$100 to \$500 the limit on the amount that can be expended in an open-market purchase without advertising or bidding.

(f) This subsection from the standpoint of management should become one of the important parts of the bill. The bill as written specifically repeals 28 statutes. There are several hundred more statutes which relate to the subject matter of this bill and this subsection requires the Administrator to thoroughly study these and report to the Congress those which are obsolete and should be repealed.

Section 503. Authorization for appropriations and transfer authority

(a) *Authorization for appropriations.*—This subsection authorizes appropriations generally without specification as to amount.

(b) *Transfer authority.*—Under this subsection an executive agency may use for care and handling of property funds heretofore appropriated to it for purposes contemplated by sections 201, 202, 203, and 204 of the act.

Section 504. Separability

Each provision of the act is declared separable so far as validity is concerned.

Section 505. Effective date

The effective date of the act is established as July 1, 1949, except that one clause relating to the War Assets Administration is made effective June 30.

APPENDIX A

STATEMENT OF AGREEMENT BETWEEN THE MUNITIONS BOARD, NATIONAL DEFENSE ESTABLISHMENT, AND THE BUREAU OF FEDERAL SUPPLY, DEPARTMENT OF THE TREASURY, ON PROCEDURES FOR THE DEVELOPMENT OF A UNIFORM FEDERAL CATALOG SYSTEM

The Munitions Board Cataloging Agency has embarked upon a comprehensive 3-year program to provide a uniform catalog system for all items of armed services supply. This program was initiated in recognition of the urgent military need for a common language for supply activities. The Bureau of Federal Supply has been active in the planning for a Federal catalog system in compliance with Presidential directives and its basic responsibility for the development and maintenance of the Federal Standard Stock Catalog. This planning was participated in by the Military Establishment and several of the larger civil establishments. There is now pending before the Congress a bill to reorganize and simplify the procurement, utilization, and disposal of Government property, and for other purposes, which provides, among other things, for the transfer of the Bureau of Federal Supply to the Federal Works Agency and authorizes the Federal Works Administrator "As he may deem necessary for the effectuation of his functions under this title, and after adequate advance notice to the agencies affected, and with due regard to the requirements of the National Military Establishment as determined by the Secretary of Defense * * * to establish and maintain such uniform Federal supply catalog system to identify and classify personal property under the control of Federal agencies as may be appropriate * * *." Also "each executive agency shall utilize such uniform Federal supply catalog system and standard purchase specifications as far as practicable, taking into consideration efficiency, economy, and other interests of the Government."

Pending action of the Congress on the above bill, it is recognized that the interests of the Federal Government can best be served through continuing close cooperation and working contacts between the cataloging activities of the civil and military establishments. To this end the following agreements have been reached between the Munitions Board and the Bureau of Federal Supply:

(1) That the present plans and procedures of the Munitions Board Cataloging Agency are satisfactory for initiating Federal catalog operations. It is understood that the agency is further developing the elements of cataloging in accordance with the basic principles developed under the sponsorship of the United States Standard Commodity Catalog Board;

(2) That certain revisions and expansions in plans and procedures must be made as work progresses to provide for the requirements of civilian agencies;

(3) That the question of classification will require close coordination with the civilian agencies and the Munitions Board Cataloging Agency in order to develop a commodity supply classification system which will be practical and workable for all organizations;

(4) That any civilian agency having major supply problems should be represented on the Technical Group of the Munitions Board Cataloging Agency. The Bureau of Federal Supply will, with the concurrence of the Bureau of the Budget, develop recommendations to the Cataloging Agency as to the agencies which should be represented;

(5) That the Bureau of Federal Supply shall have one member and one alternate on the Executive Group of the Munitions Board Cataloging Agency, for representation of civilian agencies.

(6) That after completion of the current "3-year program" of the Munitions Board Cataloging Agency, the respective future responsibilities of the Agency and the Bureau of Federal Supply would, in the absence of legislative direction, be determined by agreement between the Secretary of Defense and the Secretary of the Treasury;

(7) That the Bureau of Federal Supply will be responsible for such coordination as will assure that cataloging developments initiated by the Munitions Board Cataloging Agency are made available to interested civil establishments.

June 3, 1948.

(Signed) CLIFTON E. MACK,
Bureau of Federal Supply, Treasury Department.

MAY 14, 1948.

(Signed) Maj. Gen. PATRICK W. TIMBERLAKE,
Munitions Board.

THE WHITE HOUSE,
Washington, January 18, 1945.

Hon. HAROLD D. SMITH,
Director, Bureau of the Budget, Washington, D. C.

MY DEAR MR. SMITH: I think it important that the executive departments and agencies develop more systematic records and procedures for use in all transactions requiring a description of items of real and personal property. The large number of actions relating to the acquisition, care, use, and disposal of Federal property has greatly accentuated the need for this improvement in governmental practices, both for the effective prosecution of the war and for the more orderly conduct of peacetime affairs. Such records and procedures should be developed by the several departments and agencies chiefly concerned in accordance with a uniform central plan developed by you. This plan should include a uniform property classification and a uniform item identification system, covering all commodities, which together might be known as the United States standard commodity catalog.

Accordingly, it is my desire that you proceed without delay to secure the preparation and maintenance of such a catalog, utilizing all relevant systems and methods now in use by the Government to the extent that they conform with the central plan, and utilizing also the facilities and services of the agencies principally concerned. It is my wish, and I hereby request, that each department and agency shall assume such share of the work and responsibility as you may determine. Any necessary costs to the several departments and agencies beyond those they are now incurring for similar activities should be included in additional estimates of appropriations.

When the standard commodity catalog or any part of it is ready for use it should be promulgated by you for use throughout the Government in all relevant activities involving the procurement, storage, issue, disposal, or intra-Government transfer of property, the listing or cataloging of property, and the collection and tabulation of commodity information.

Pending the formalizing of these instructions in an Executive order, I wish you would convey to all departments and agencies my instructions regarding this matter and take whatever steps are necessary to develop and maintain the catalog.

Sincerely yours,

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE,
Washington, July 15, 1946.

Hon. PAUL H. APPLEBY,
Acting Director, Bureau of the Budget, Washington 25, D. C.

MY DEAR MR. APPLEBY: I have your memorandum with reference to the general plan for the development and maintenance of a Federal catalog system which would standardize for all agencies the classification and item numbering of property purchased by the Federal Government. I agree with you that the proposed unified system will result in significant improvements and economies in supply operations of the Government.

Pending further study of some features of the proposed plan, including the need for legislation and the budget that should be sought, I desire that further development of the Federal catalog system be continued through interdepartmental cooperation and joint working arrangements. I concur in your recommendation that the United States Standard Commodity Catalog Board, which has been advising you on this matter, should continue its work, under your general supervision. The Board should complete the development of all phases of the uniform plan and coordinate with this plan the cataloging activities of the agencies chiefly concerned.

I request that you arrange with the Secretary of the Treasury for the Procurement Division to organize a central staff to assist the Board in developing the details of the uniform system and in the work required for the coordination of agency cataloging activities with this system. I further request that you advise the Secretary of War and the Secretary of the Navy, together with the heads of such other departments and agencies as you may determine, of my desire that the cataloging operations of these agencies be continued and that they be conducted in conformity with the plans for the Federal catalog system. The services performed by the central staff established in the Procurement Division will thereby be utilized in the cataloging operations of these departments and agencies. Those departments and agencies utilizing such services should reimburse the Procurement Division therefor from their regular appropriations.

Sincerely yours,

HARRY S. TRUMAN.