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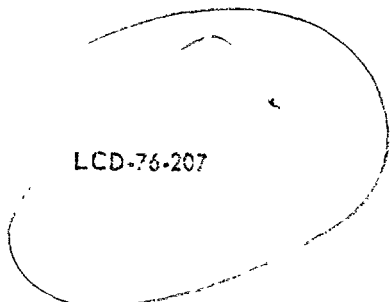
**REPORT OF THE  
COMPTROLLER GENERAL  
OF THE UNITED STATES**

**Use Of Government Excess Personal  
Property By Non-Federal Entities**

*B-101646*

Personal property declared excess is made available to all other Government agencies. Many of these agencies claim such property and provide it to grantees and contractors.

This report discusses observations on the use of such property by 30 recipients, mainly colleges and universities. Although some of the property was being used for Federal grants or programs, others were being used for general purposes or were being accumulated.



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COMPTROLLER GENERAL OF THE UNITED STATES  
WASHINGTON, D.C. 20548

B-101646

The Honorable William J. Randall  
Chairman, Subcommittee on Government  
Activities and Transportation  
Committee on Government Operations  
House of Representatives

Dear Mr. Chairman:

As you requested on April 10, 1975, we have examined the various uses made of Federal excess property which is transferred outside the Federal Government before it becomes surplus and thus available for donation under the Federal Property and Administrative Services Act of 1949. We contacted Federal agencies which sponsor the transfer of large amounts of excess property to non-Federal entities and requested lists of recipients and amounts of excess property transferred. We visited 30 of these recipients and, through discussions and observations, we learned how the property is being used. As agreed with your office, we did not perform complete audits of property use nor did we determine whether all recipients complied with Federal statutes or administrative regulations.

BACKGROUND

Government personal property no longer needed by the using agency is declared "excess" and is made available to other Government agencies through the General Services Administration. (In the Department of Defense, excess property is first made available to other Defense agencies and if not claimed is then made available to civil agencies through the General Services Administration.) Property which is not claimed by a Federal agency within a certain time frame becomes surplus to the Government and is made available for donation to the States through the General Services Administration and the Department of Health, Education, and Welfare. The States have established State Agencies for Surplus Property which are authorized to transfer property to eligible private and State-operated health and educational activities for a nominal service charge.

However, Federal excess property originally costing hundreds of millions of dollars has been given to non-Federal recipients without going through the channels described above. The Federal Property Management Regulations allow Federal agencies to obtain property declared excess and to furnish such property to certain non-Federal entities. Title generally remains vested in the Government but a few agencies, most notably the National Science Foundation, may vest title in recipients.

A large number of such recipients are colleges and universities having Federal research grants or contracts. They are also eligible to receive surplus property through their respective State agencies. In addition, Government contractors, local civil defense units, the Civil Air Patrol, the Military Affiliate Radio Systems, community service organizations, State forestry agencies, and others, are eligible to receive excess Government property. Also, an increasing amount of excess property is being transferred to local governments and other groups under the Public Works and Economic Development Act of 1965, as amended.

Excess and surplus Federal property is accounted for by Government agencies in terms of its original acquisition cost. Accordingly, unless otherwise specified, all costs attributed to property discussed in this report are the acquisition costs when the Government first purchased the property.

#### FEDERAL AGENCIES SPONSOR THE TRANSFER OF EXCESS PROPERTY

To determine the amount of excess property turned over to non-Federal entities, we visited the property offices of most agencies identified in General Services Administration records as receiving excess property. We found that these agencies generally did not maintain readily available or centralized data concerning excess property which they have transferred to non-Federal entities.

#### National Science Foundation

The Foundation is the most active in providing Federal excess property to grantee universities, colleges, and research organizations. Excess property costing hundreds of millions of dollars has been transferred to Foundation grantees. Generally, the Foundation vests title to the

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property specifying that it should be used in connection with the grant. In 1974 the National Science Foundation established that the cost of all excess property transferred should not exceed the dollar amount of the grant for which it is to be used.

#### Department of Defense

Defense is the largest generator of excess property. It also sponsors many research grants and contracts and makes excess property available for use on these projects. In addition, Defense provides excess property for three other types of recipients; namely, civil defense organizations, the Civil Air Patrol, and the Military Affiliate Radio Systems.

#### Department of Commerce

The Department of Commerce distributes excess property to non-Federal recipients under two separate programs. One program, directly administered by Commerce, makes excess property available to grantee universities, colleges, and local governments. The other program came into being in 1974 with the passage of the Regional Excess Property Program, Section 514, amending the Public Works and Economic Development Act of 1965. From February through May of 1975 almost \$2 million worth of excess property was given to recipients eligible under this program by multistate regional commissions set up by States located in designated "economic development regions." Seven commissions have been established, each having a Federal cochairman. Most of the activity occurred in Arizona and New Mexico which are served by the Four Corners Regional Commission. We believe that the amounts of excess property going into the program will multiply substantially and the geographic range will expand as the other regional commissions begin to participate. Recipients include State and local governments, welfare programs, educational institutions, and Indian tribes. Under this act title to the property usually is vested in the recipient.

#### Department of Agriculture

In fiscal year 1975, the U.S. Forest Service distributed excess property costing about \$10 million to State agencies for fire control purposes. Excess property has been provided for this since the 1950s under authority granted in 16 U.S.C. 580(a). We visited several State agencies in the Southeast to determine their uses of the excess property.

(See app. I.) One interesting aspect of the Forest Service Program is that after items are used for 1 year they may be sold and the proceeds from the sale can be returned to the State Forester. We found several examples of items held in storage by the State for a year and then sold.

The Agricultural Extension Service gave **excess** property costing **approximately** \$9 million to State Extension Services, which are located at "land grant" schools. Grants are made to these schools which, through the State extension service personnel, provide educational and technical assistance in areas of agriculture, rural development, home economics, and 4-H youth development.

#### Other agencies

Other agencies which sponsor the transfer of excess property to grantees include the Departments of the Interior and Labor, the Energy Research and Development Administration, and the National Aeronautics and Space Administration. These agencies have reported **transfers** of less than \$10 million each during the first 10 or 11 months of **fiscal** year 1975.

#### USE OF FEDERAL EXCESS PROPERTY BY GRANTEES AND CONTRACTORS

Federal Property Management Regulations encourage using excess property in cost reimbursement contracts and project grants when such use has the effect of reducing costs or expanding the ability of the contractor or project grantee to fulfill its mission. Project grants are described in the regulations as grants made for a specific purpose with established termination dates.

Federal **excess** property is used in many ways by grantees or contractors. We visited 30 grantees or contractors and observed the uses made of some of this **excess** property. Summaries of these visits are included in the appendix. Through discussions with grantee or contractor representatives and observations of the uses of the property, we found many cases where Federal excess property was being used for purposes related to Federal grants or projects. We found other cases where **excess** property was being used for general purposes, some totally unrelated to any Federal grant or project.

We also found that substantial amounts of property had been unused. Reasons for this were varied. Some items

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obtained were not operational, or were not what they had been anticipated to be and could not serve any purpose in their present state. Some property was accumulated for possible future use or need.

Although some grantees and contractors routinely visit Government installations to view and examine available excess property, most of the institutions we visited relied on excess property catalogs and bulletins to select desired items. In many cases, we were told that the property, when received, was not in the condition it was reported to be in or sometimes was not configured in a way to be of use to the contractor or grantee.

As you directed, we did not obtain written comments from the Federal departments or agencies or the recipients of excess property.

Sincerely yours,

Acting

  
Comptroller General  
of the United States

USE OF GOVERNMENT EXCESSPROPERTY BY NON-FEDERAL ENTITIES

Following are summaries of information acquired at recipient institutions we visited during May and June 1975. Employees of several institutions told us that the availability of excess property has been very helpful in fulfilling or enriching Federal grants or contracts. However, we observed that some recipients are very aggressive in screening, requesting, and acquiring excess property and are using it for general purposes rather than for the specific purposes of a grant or contract. We saw substantial amounts of excess property which we were told had not ever been used.

In the case of grantees we have included the total amounts of the grants, if available, and compared those amounts to the amounts of excess property transferred. We do not have information concerning all grants under which excess property was transferred. Unless otherwise identified, all excess property is discussed in terms of original acquisition cost.

New Mexico State University,  
Las Cruces, New Mexico

The university has been very active in screening, requesting, and receiving excess property. Until the last year or two, most excess property had been acquired through National Science Foundation (NSF) grants. More recently, because of cost limitations imposed by NSF, the major source of excess property has been the Department of Agriculture's Extension Service. The Agriculture representative on the university campus has approved requests for equipment, whether they were related to or intended to be used for extension service purposes or not.

Almost none of the equipment obtained can be identified with a specific grant or contract through university records. An organ costing \$3,370 was obtained through Agriculture and was being used in the music department. A \$2,978 Government excess house trailer was being used as a mobile admissions center which traveled throughout the State recruiting students. University records indicate plans to use a \$3,506 camper in the same recruiting program. Agriculture also provided a mixer costing \$2,623 which is slated to be used by the fine arts department for making ceramics.

The university has shown a great deal of ingenuity in rehabilitating and using excess property; however, it appears that much of the property obtained has never been used, has been cannibalized for parts, or may be used for

purposes other than those authorized under the Federal excess program.

An enormous amount of excess property is stored in the property yard. We saw heavy construction vehicles, portable generators, vehicles, and transformers which appeared to be in operable or nearly operable condition being stored in the yard.

We selected 18 items acquired in 1971, 1973, and 1974 to determine how they were being used. Seven items had never been used, seven were used for general support purposes, and only four were used for purposes related to a Federal grant.

University records indicate that no property has ever been returned to the Government.

University of New Mexico, Albuquerque, New Mexico,  
with branches at Gallup and Espanola

The university obtains large volumes of excess property primarily through grants or contracts with NSF, the National Aeronautics and Space Administration (NASA), and the Department of Defense (DOD). Recently, it has begun to get property through the Four Corners Regional Commission.

Large amounts of excess property were being used in laboratories and shops under specific grants or contracts. We also saw sizable quantities of excess property which were charged to specific grants but which were being used for educational or general purposes. For example, a large excess prefabricated building was being used for storing desks, chairs, records, paper goods, and other general purpose items. We observed machine tools used to produce, repair, and maintain equipment and instruments for any university department. Another example of general purpose use of excess material was a closed-circuit television system used to monitor classroom lectures. We did not see any large-scale stockpiling of excess equipment.

The Defense Contract Audit Agency recently audited 328 items of excess property which were issued under an Air Force contract. The contract, in the amount of \$14,500, was for an 18-month period and was issued for setting up an Air Force facility. (Records obtained from the Defense Property Disposal Office show that this particular contract was used to acquire 5,684 items of excess property costing over \$525,000.) The audit agency observed that only a limited number of the line items issued could possibly be used for the contract. The Air Force authorized university employees:



"\* \* \* to Screen and sign for the receipt of non-reportable property not to exceed the total value of \$1,000 per item, and to freeze reportable property for approval of the Air Force." 1/

The auditors found that the authorization was used to obtain any item irrespective of whether or not its use would be on the Air Force contract. This authorization was canceled by the Air Force after the Defense auditors' inquiries.

Almost all of the items audited by the agency cost less than \$1,000 with many under \$100. They included many kinds of miscellaneous items, such as electrical equipment, paints, paper, cleaning materials, and machine parts. One item, a \$200 stereo, was located in the Administrator's office.

New Mexico Institute of Mining and Technology,  
Socorro, New Mexico

The New Mexico Institute of Mining and Technology is a small technical college which has acquired large amounts of excess property for use in research grants and contracts. The college has grants with NASA and NSF and contracts with the Navy Department. Defense Supply Agency records show that material costing over \$4 million was transferred to the college from July 1973 through April 1975.

We compared the cost of excess property obtained under four Navy contracts with the estimated value of these contracts. We noted that in all cases the cost of the property acquired was at least three times the value of the contract. Much of this equipment, however, was originally acquired for unique purposes and as a result had a high acquisition cost. Many excess items were used as targets to determine the effects of explosives under a Navy contract. We noted large amounts of excess property stored in two canyons and were told that this property--trucks, other large items, and scrap material--would be used as targets.

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1/Reportable property is determined by Federal supply classification, acquisition cost, and other qualifiers as specified in the Federal Property Management Regulations. This property is reported to the Defense Property Disposal Service of the Defense Supply Agency for worldwide screening by other DOD activities. To "freeze" property means to place a claim on an item, thereby preventing other eligible recipients from claiming that property.

University of Mississippi, Oxford, Mississippi

The University of Mississippi became active in the excess property program in 1973 and had acquired between \$4 and \$5 million worth of excess property primarily from NSF. We were also told that this property has been obtained in the past without regard to the amounts of the grants. The physics department told us that 75 percent of the department's research equipment came from excess and 90 percent of the department's instructional scientific equipment was excess property.

We noted (1) equipment which was being used for purposes relating to a Federal grant, (2) equipment for probable future use, and (3) equipment which had been cannabilized.

University of Minnesota, Minneapolis, Minnesota

This university has received excess property costing over \$10 million during the first 10 months of fiscal year 1975. The property was obtained through NSF and Energy Research and Development Administration (ERDA) grants and Navy contracts. The school had over 230 active NSF grants at the time of our visit.

We toured facilities with university officials and saw many items of Federal excess equipment which we were told had been in storage since receipt. We saw other items which were being used for purposes unrelated to the NSF grant through which they were acquired.

Officials of the University Property Accounting Office told us that property received through NSF grants is treated as property for the entire department and is used freely within the department. For example, the medical department under an NSF grant dealing with the mechanisms of protein function had received \$145,000 worth of consumable excess medical supplies and was using them for general hospital purposes.

We attempted to locate 396 items received under 8 NSF grants. Due to a lack of accountability for inventory at the university, we could locate only 115 items. Of these, only about one-half were being used or stored within a department laboratory or shop. Most of the remaining items had never been used and some had been cannibalized.

Hamline University, St. Paul, Minnesota

Hamline has been provided funds of \$315,000 under a single NSF grant which expired in April 1975. Under this

grant, the university acquired excess items costing over \$3.8 million. The grant had rather broad objectives including (1) improvements of teaching techniques to achieve a higher teacher-student ratio, (2) provisions for new introductory courses for disadvantaged students who have not received adequate college preparatory education, and (3) the updating of existing university equipment used in teaching. This equipment was used primarily in quantification processes.

Because items are ordered sight unseen, specific uses usually are not ascertained until after the items have been received and their condition examined. A record is made upon receipt of the item; however, no records are maintained of subsequent uses, nor are the physical inventories required by NSF conducted.

We observed the use of forklift trucks and pickup trucks which were obtained under this grant and computer equipment which was being dismantled and whose cabinets could be used for storage purposes.

#### Furman University, Greenville, South Carolina

The university has acquired about \$1.3 million in Federal excess equipment under seven NSF grants since 1973. We reviewed 25 items and found:

- Ten justifiably were being used or had been used and placed in storage.
- Two, a circular microscope and a refrigerator, were being used for purposes other than those for which they were acquired.
- Four were being cannibalized for parts because the equipment was not usable for the intended purpose.
- Five were being stored, some of which were irreparable and with no useful purpose.
- Four were being repaired or combined with another piece of equipment,

#### Clemson University, Clemson, South Carolina

Clemson has received excess property costing \$2.5 million under NSF grants. Of 36 items we reviewed, 34 were in general use. These items included general supply items such as wire, rod and bar steel, bottle stoppers, photographic paper, and flashbulbs. Large quantities of general supply items were stockpiled and used as needed.

Tennessee Technological University,  
Cookeville, Tennessee

We reviewed excess property received by the university under two NSF grants, one of which was a grant that had terminated in June 1973. We selected 20 items under it and found that only 8 had been used. The remaining 12 items which had cost \$138,000 were not used primarily because they were in need of repairs. Two of these items were motion picture cameras costing \$6,960. The person who ordered them told us that he had not had time to check on or to use them.

Under the other NSF grant the university received \$11,000 to develop its mechanical engineering department's transport phenomena laboratory. It received \$42,500 in excess equipment under this grant which terminated in June 1975. Again we selected 20 items and found that 14 of them were used in the department, 3 items were not being used, and 3 had been scrapped because they were not economically repairable.

Southwestern Oklahoma State University,  
Weatherford, Oklahoma

Three departments at the university had acquired excess property under NSF grants. The physics department had acquired the most and placed a current value of \$144,501 on the 506 excess items in its inventory as of January 1975. We were unable to ascertain the acquisition cost for this property.

We selected 11 items of equipment to determine their use and found that 4 items were being used; 5 were not being used and were in need of repair; and 2 operable items, both cameras, were not being used. In addition, large amounts of chemicals, acquired as excess, were also excess to the needs of the university and were being stored.

Stephen F. Austin University,  
Nacogdoches, Texas

Through an NSF grant valued at \$239,200 the university has acquired about \$4.5 million in excess property, which included two general purpose digital computers that cost \$468,000. About 40 percent of the property received has been used to date. A university official stated that most of the remainder of the property received under this grant will not be in use for another 2 years.

University of Texas at Dallas, Dallas, Texas

The university was created in 1969 and as of May 1, 1975, had over 100 active grants or contracts sponsored by NSF, NASA, and the National Institutes of Health. It has been very active in acquiring excess property to equip laboratories and educational facilities. Of the 16 items costing about \$182,000 that we sampled, 8 were being used, 1 was operable but never used, 6 needed repair, and 1 was not used because its configuration **was not** compatible with the university's need.

Northeast Louisiana University,  
Monroe, Louisiana

For two NSF grants valued at 3210,800, the university has acquired excess property which cost an estimated \$1 to \$2 million. However, no excess has been acquired during the past year. University officials told us that, as of June 1975, only about 30 percent of the excess has been used and about 20 percent will probably never be used. The university **does not** have any property control for excess items that are received .

University of Texas at Austin,  
Austin, Texas

Since 1971 the university has acquired over \$10 million in **excess** property under NSF grants. In addition, the university's applied research laboratory has received over \$5 million in excess equipment from the Office of Naval Research. The university also receives **surplus** property through the State agency.

Although some items were being used for general purposes, **most** were being used in **some** connection with Federal grants and contracts.

University of Southern California,  
Los Angeles, California

The university has been acquiring excess property through NSF grants. According to the assistant director in charge **of** contracts and grants at the university, little **excess** property has been requested in the past 2 **years** because **most** of the items requested **were** not usable after receipt, or unneeded items were required to **be** taken in order to get the items that were needed.

From NSF documents, we selected **34** items valued at about \$80,000 acquired **by** the university and found **that** only 5 were

being used for purposes related to a Federal grant. The others were unfamiliar to university officials, were unserviceable, or could not be located.

University of California at Los Angeles,  
Los Angeles, California

The university's school of medicine and the geology department have been acquiring most of their excess property from NSF grants. Of 30 items we selected costing about \$75,233 and acquired during 1974 and 1975, 10 were not in use, 3 had never been used, 2 were being cannibalized, 1 was never received, and 14 were used for purposes related to a Federal grant.

California Institute of Technology,  
Pasadena, California

The institute is conducting solar research under grants from NASA, NSF, and the Department of the Air Force. NASA is funding approximately 60 percent of the research, NSF 30 percent, and the Air Force 10 percent. All property received through this grant is accounted for by the institute's property accounting department.

We selected eight items, costing about \$44,198, which were acquired during 1974 to determine if the items were being used under the terms of the grants. We found that two items were not being used, four were being used as spares, and only two were being used for the purposes related to a Federal grant.

California State College-Sonoma,  
Rohnert Park, California

The college has participated in the excess property program since May of 1971 receiving most its property under an NSF grant. Approximately 34 percent of the excess property that has been acquired was for cannibalization purposes so that spare parts could be obtained to support working units.

The college does maintain a complete log of all excess property acquired under each grant approved by NSF, but none of the property had been tagged or otherwise identified at the time of our review. Because the excess equipment was not tagged, the college's property manager assisted us in locating and identifying the various pieces of equipment listed on the transfer orders.

We selected 237 items, costing about \$505,131, which were acquired through NSF from 1971 to 1975. Eighty-one items were being cannibalized, 40 could not be located, 3 had not been received, 3 were not being used, and 110 were being used for purposes related to a Federal grant.

The college's property manager brought two matters to our attention regarding the operation of the excess property program: (1) when the college has identified property in the General Services Administration catalogs and subsequently receives approval to pick up the property, it sometimes finds out that the property is not what it wanted and (2) a property lot may contain only one or two items that are desired and can be used but the entire lot must be acquired in order to obtain the needed one or two items.

Stanford University, Stanford, California

The university has been acquiring excess property through grants from NSF and a contract with the Office of Naval Research. We observed that all items were tagged and accounted for.

We selected 51 items costing about \$300,000 acquired through NSF and found that only about half of the items had ever been used. Another three items costing about \$3,000 were acquired under a Navy contract but could not be used for the purpose for which they were acquired.

A university official said it was cheaper to have an item shipped than to go out and screen it before ordering. In some cases the screening of an item is not feasible if it is located a great distance away.

University of California at Berkeley,  
Berkeley, California

The university has been acquiring its excess property through grants from NSF and a contract with the Office of Naval Research.

We selected 83 items received through NSF costing about \$512,000 and found that 43 were returned to the Federal Government by the university, 18 were not used, 2 were not received, and 20 were used for purposes related to a Federal grant. We also selected two items received from Navy, costing \$2,492, which were acquired during 1974 and found that they were not being used.

Various State forestry commissions

Alabama Forestry Commission--We visited the storage and repair area at Montgomery, Alabama, and five local communities. Operational items were being well maintained and were not being misused. We did observe about 30 2-1/2-ton trucks obtained in 1973 that were stored in an Alabama State parking area. These trucks had never been used by the State and were in need of repair; however, we saw no indication of any repair underway. About 15 additional trucks in irreparable condition were awaiting auction by the General Services Administration. The proceeds from the auction would go to the State. Other trucks we saw were being cannibalized, reportedly with the approval of the Forest Service.

Florida State Forestry Division--The division maintains a warehouse in Lake City, Florida, for the processing, distribution, and storage of excess property. We were told that almost all excess property moves quickly from the warehouse to the forest districts which request the property. Ninety-four different types of items were listed on the current warehouse inventory, including paints, fireman clothing, and building material. We were told that some property was obtained for cannibalization.

Georgia Forestry Commission--During visits to a limited number of local forestry units and rural fire departments, we observed excess equipment being properly used. We also observed that the Commission had a large amount of excess property in storage in Macon, Georgia. On May 29, 1974, the storage facility was holding 754 pieces of excess property which cost \$830,239. The items in storage included 105 wheeled vehicles, radios, cameras, projectors, engines, tools, and office equipment. The Georgia Commission recently received \$25,860 from the sale of excess items. Some of the items sold had not been used and some were not even in possession of the Commission for the required year.

Other recipients visited

In addition to those non-Federal recipients of Federal excess property discussed above, we also visited the institutions and State agencies listed below. At these locations, we found that excess property (1) was being used for



Federal grants or pi-ograms, (2) was not being stockpiled, and (3) was generally well managed. The approximate value of the excess property in the possession of these schools and agencies is shown, if known, in parentheses.

1. Texas A&M University, College Station, Texas (\$3.9 million).
2. Action, Inc., Athens, Georgia (about \$100,000).
3. Tennessee Wildlife Resources Agency, Nashville, Tennessee (over \$250,000).
4. University of Tulsa, Tulsa, Oklahoma (about \$250,000).
5. Oklahoma State University, Stillwater, Oklahoma.
6. North Texas State University, Denton, Texas (estimated \$3 to \$3.5 million).
7. Texas Parks and Wildlife Service (\$500,000).