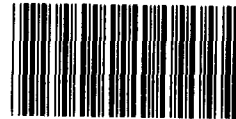


July 1991

# HOMELESSNESS

## Federal Personal Property Donations Provide Limited Benefit to the Homeless



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United States  
General Accounting Office  
Washington, D.C. 20548

Resources, Community, and  
Economic Development Division

242904

July 15, 1991

Honorable John Glenn  
Chairman, Committee on  
Governmental Affairs  
United States Senate

Mr. Chairman:

This report responds to your request that we review how federal surplus personal property is available for use by the homeless under title V of the McKinney Act. Specific issues addressed (1) how extensively the donation program has assisted the homeless, (2) what features of the program limit its effectiveness in aiding the homeless, and (3) how the program could be modified to improve its effectiveness in aiding the homeless.

We agreed with your office, unless you publicly announce its contents earlier, we will withhold distribution of this report until 30 days from the date of this letter. We will send copies to the Secretary of Defense; the Administrator, General Services Administration; and other interested parties. We will also make copies available to you upon request.

This work was conducted under the direction of John M. Ols, Jr., Director, Housing and Community Development Issues, who can be reached at (202) 274-1525. Other contributors are listed in appendix IV.

Sincerely yours,

Dexter Peach  
Assistant Comptroller General

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## Results in Brief

Overall, GAO found that the Federal Surplus Personal Property Donation Program is not a significant source of aid to the homeless. Although the total number of homelessness assistance providers nationwide is not known, available data indicate that relatively few providers have benefitted from the federal donation program. In fiscal year 1990, according to GSA estimates, only about one-twentieth as many providers obtained property directly from SASPs as received assistance through the single largest McKinney Act program. The dollar value of the donations these providers have received since 1987 has also been limited.

Designed primarily to dispose of surplus federal property, the donation program possesses a number of features that limit its potential to aid the homeless, including the types of items available for donation, the resources required for providers to obtain donated items, the priority assigned to providers in the distribution process, and an impractical reporting requirement. Neither the types of property available for donation nor the resources required for homelessness assistance providers to participate could practically be altered without changing the overall purpose and focus of the donation program. Providers could, however, be allowed to select surplus items earlier in the disposal process, and restrictions on the use of donated property could be modified to simplify providers' administrative tasks.

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## Principal Findings

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### Donation Program Has Provided Limited Benefit to the Homeless

Measuring the extent to which the donation program assists the homeless is difficult because neither the total number of providers nor the total value of the public and private resources they use is known. Furthermore, no data are available on the extent to which the homeless benefit from surplus property that other humanitarian assistance agencies and organizations obtain from the federal donation program. However, when measured against the available indicators of homelessness assistance, the donation program's benefit to the homeless has been limited.

GSA estimates that fewer than 600 providers participated in the donation program in fiscal year 1990, whereas 9,896 assistance providers were included that year in the McKinney Act's largest program—the Emergency Food and Shelter Grants Program—operated by the Federal

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### Some Program Changes Could Increase Donations to the Homeless

Despite its limitations, the donation program has provided some benefit to the homeless at minimal cost to the federal government and should, therefore, be continued. In GAO's view, the program's potential to assist the homeless could be increased if providers were given higher priority in the property disposition process and if the use requirement for donated property of limited value were eliminated.

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### Matter for Congressional Consideration

If the Congress believes that homelessness assistance providers should be given higher priority in the surplus property donation program, the Congress should allow homelessness assistance providers to receive property directly from federal distribution centers concurrently with SEAS, in addition to receiving it from SASPS as they now do.

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### Recommendation

GAO recommends that the Administrator amend the regulations implementing the Federal Property and Administrative Services Act of 1949 to eliminate use restrictions on items with original acquisition costs below an appropriate amount. In determining this amount, GSA should weigh the government's need to prevent fraudulent use of donated items against the donees' need to minimize their administrative burden.

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### Agency Comments

GAO obtained agency comments from both DOD, which has a large role in the donation program, and GSA, which administers the program. DOD reviewed and concurred with the report. GSA partially concurred, noting that weaknesses relating to service charges, property condition, and the inconvenient locations of SASP warehouses are program limitations.

GSA disagreed with GAO's proposal to eliminate a program accountability requirement. According to GSA, its current guidance already specifies that detailed accounting records need not be maintained on items valued below \$500. However, GAO's proposal did not address this record-keeping requirement, but rather the requirement that providers be able to demonstrate the appropriate use of items for 1 year. GAO clarified the proposal to make clear that it was referring to eliminating the subsequent use requirement and not the \$500 accountability limit. GSA further maintained that SEAS do not receive enough donations to affect provider donations adversely and therefore concluded that assistance providers should not be given earlier access to donated items. In contrast, GAO's analysis of GSA data shows that giving providers equal access with SEAS to surplus property could result in a relatively large increase in donations to providers.

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**Abbreviations**

DOD	Department of Defense
DRMO	Defense Reutilization and Marketing Office
EFS	Emergency Food and Shelter Program
FAA	Federal Aviation Administration
FEMA	Federal Emergency Management Agency
FSS	Federal Supply Service
GAO	General Accounting Office
GSA	General Services Administration
HUD	Department of Housing and Urban Development
SASP	state agency for surplus property
SEA	service educational activities

- engines, turbines, and components;
- construction, mining, excavating, and highway maintenance equipment;
- furniture;
- electric wire, and power and distribution equipment;
- instruments and laboratory equipment;
- materials handling equipment;
- metalworking machinery; and
- ships, small craft, pontoons, and floating docks.

The 1987 McKinney Act made nonprofit, tax-exempt organizations providing assistance to the homeless eligible to receive donations of federal surplus personal property directly from states. Previously, local governments or other designated recipients of federal personal property had to acquire the property from specially designated state agencies and pass it on to homeless persons or assistance providers. However, the McKinney Act amended section 203(j)(3)(B) of the Federal Property Act by adding providers of assistance to the homeless to the list of organizations eligible for direct donations of federal surplus personal property. Today, homelessness assistance providers receive surplus federal personal property directly from the state agencies as well as indirectly from other organizations eligible for this property.

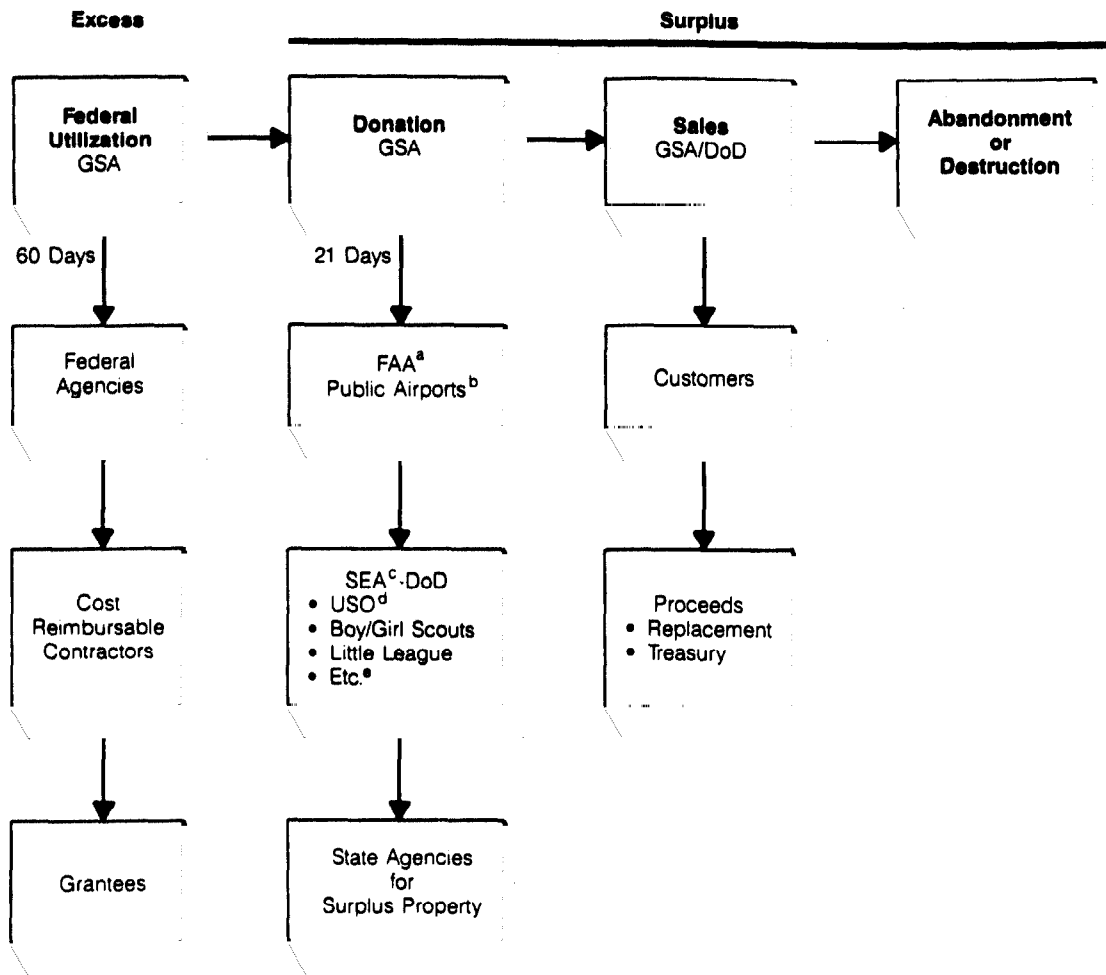
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## How Federal Personal Property Becomes Available to the Homeless

GSA's Federal Supply Service (FSS) has primary responsibility for overseeing the reutilization and disposal of federal surplus personal property. Program regulations require an agency possessing excess property (the holding agency) to report to GSA what items are available for transfer to other agencies or outside the federal government. FSS maintains a record of these items to inform agencies of what is available. DOD differs from other agencies because it plays a larger role in the process than any other holding agency. GSA program regulations provide that DOD may offer its surplus property on a first-come, first-served basis to designated service educational activities before offering it to the state agencies.

Federal personal property is originally acquired and used by an agency in the discharge of its duties. The Federal Property Act requires every federal agency to survey property under its control continually to ensure that it is used to its maximum potential. When a holding agency determines that property is no longer required for its original purpose, the agency is required to reassign such property, to the maximum extent

Figure 1.1: Utilization and Disposal Cycle for Personal Property



<sup>a</sup>Federal Aviation Administration.

<sup>b</sup>The Federal Property Management Regulations provide for the disposal of surplus personal property, with the approval of the Administrator of General Services, as determined by the Administrator of the Federal Aviation Administration to be essential, suitable, or desirable for development, improvement, operation, or maintenance of a public airport.

<sup>c</sup>In the case of surplus personal property under the control of the Department of Defense, the Secretary of Defense determines whether the property is usable and necessary for educational activities that are of special interest to the armed services, such as maritime academies or military, naval, Air Force, or Coast Guard preparatory schools, and are commonly referred to as service education activities.

<sup>d</sup>United Service Organizations, Inc.

<sup>e</sup>For a complete list of service educational activities, see page 13.

for this program. Any property transferred to a foreign government is first transferred to the Department of State, which is responsible for its distribution.

Processing reportable DOD surplus property entails yet another step that disposing of other federal surplus property does not require. Like surplus reportable property from other departments, DOD property goes through a donation screening period of 21 days, but within the screening period the sequence for making the property available is different. During the first 5 days of the screening period, the property is reserved for donation to FAA for use by public airports, just as non-DOD reportable property is reserved. DOD then has a second 5-day screening period for reportable DOD surplus property, during which time only service educational activities (SEAs) of special interest to the armed services have access to the property. These SEAs are the American National Red Cross, Armed Services YWCA of the USA, Big Brothers/Big Sisters of America, Boys Clubs of America, Boy Scouts of America, Camp Fire, Inc., the Center for Excellence in Education, Girl Scouts of the USA, Little League Baseball, Inc., National Association for Equal Opportunity in Higher Education, National Ski Patrol System, Inc., Naval Sea Cadet Corps, Operation Raleigh, United Service Organizations, Inc., United States Olympic Committee, and Young Marines of the Marine Corps League/Marine Corps League. SEAs were first incorporated into the donation program in 1949 through the Federal Property Act, and under DOD's authority additional organizations have received SEA status. Originally, SEA status was limited to educational institutions. Property these groups do not claim is available to SASPs during the last 11 days of the donation screening period.

Although SASPs are last to screen and request federal surplus personal property, they undoubtedly obtain the bulk of the donated property. For example, in fiscal year 1990, donations to public airports totaled \$3.3 million, donations to SEAs totaled \$7.2 million and donations to SASPs totaled \$464.9 million.

All federal surplus property that is not donated by the end of the donation screening period is offered for sale to the public by GSA. Surplus personal property is sold to the public primarily by competitive bid. In some cases, negotiated sale of surplus personal property is allowed. Holding agencies may apply any proceeds from sales toward replacement items. Property not sold to the public may be abandoned or destroyed by an executive agency only after an authorized agency official has determined in writing that the property has no commercial



Early in our review, we discovered that information on the program is difficult to obtain. Because program regulations require GSA to maintain records on reportable property only (approximately 24 percent of the property donated in fiscal year 1990), GSA does not maintain a consolidated data base of property that would be (1) useful to the homeless and (2) available from SASPs or federal warehouses. As a result, we were unable to determine whether SEAS and SASPs are taking property most useful to homelessness assistance providers. In response to our draft report, however, GSA provided us with information on property selected by SEAS for the three regions that donate the most property to SEAS. This information was subsequently incorporated into our analysis. Furthermore, we were unable to obtain a universe of assistance providers nationwide to sample providers that were not using the program. We were therefore unable to survey nonparticipating assistance providers to determine why they were not taking advantage of the program.

To determine how the GSA regional offices and SASPs implement the program, we administered questionnaires by telephone to all 11 GSA regional offices and to 50 of the 56 SASPs. We also administered telephone questionnaires to 47 homelessness assistance providers in six states to determine their experiences with the program. These providers, located in California, Illinois, Maryland, Ohio, Texas and Virginia, had obtained property through the donation program during fiscal year 1990. We chose these particular states because (1) they represented a cross-section of the country and (2), as noted above, we had visited Maryland, Texas and Virginia and therefore had a larger base of information for these states than for other states. We obtained the names of providers in these states from the GSA regional officials who represented each of the states. For those states with more than 10 assistance providers in the program, we asked the GSA regional officials to give us the names of the 5 most active users and the 5 least active users in each state. Of the 56 assistance providers selected, we successfully completed the telephone survey for 47. Because we did not draw a probability sample, these results are not generalizable to homelessness assistance providers either nationally or in the states surveyed.

Our review was conducted from March 1990 through December 1990 in accordance with generally accepted government auditing standards. We obtained official agency comments from DOD and GSA and incorporated their comments as appropriate. Chapter 3 contains a complete discussion of agency comments and GAO's response. Appendixes II and III reproduce DOD's and GSA's written comments.

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## **Donation Program Has Provided Limited Benefit to the Homeless**

Federal surplus personal property donations are not a major source of aid to the homeless. Relatively few providers have participated in the program, and the dollar value of the donations they have received is not only lower than that received by other program donees, but it also constitutes a small portion of the total assistance benefitting the homeless.

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## **Relatively Few Providers Have Been Helped by the Program**

Although no one has an accurate count of either the homeless or of homelessness assistance providers, experience with just one McKinney Act program suggests that the numbers are large. In fiscal year 1990, FEMA's Emergency Food and Shelter Grants (EFS) Program, the single largest McKinney program, provided over \$129 million to 9,896 local service providers.

In comparison, a relatively small number of homelessness assistance providers nationwide have participated in the Federal Surplus Personal Property Donation Program. Although GSA does not maintain centralized statistics on the number of homelessness assistance providers benefitting from the property donation program, GSA regional officials estimate that approximately 430 to 515 homelessness assistance providers (or about one-twentieth of the number of providers participating in the EFS program) were served directly in 10 of the 11 GSA regions in fiscal year 1990. (The responsible official in one GSA region declined to estimate the number of assistance providers participating in his jurisdiction.) Also, no data are available on the extent to which the homeless benefit from surplus property that other humanitarian service agencies and organizations obtain from the federal donation program.

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## **Dollar Value of Donations Is Relatively Small**

Donations to homelessness assistance providers through the personal property program have been small compared with total donations through the program, federal McKinney Act funds for homeless people, and other sources of funds to assist the homeless. Since assistance providers were added to the list of those eligible for surplus personal property in 1987, \$15.8 million in property has been donated to these groups—less than 1 percent of all donations under the surplus property program. In fiscal year 1990, \$4.4 million in property went to homelessness assistance providers out of \$513.3 million donated. Each year the program has been in operation, assistance providers have received a relatively small proportion of total donations. (See table 2.1.) It should be noted, however, that these donation figures represent the original acquisition cost of the donated items. As discussed later in this chapter, this

Homelessness assistance providers also receive a significant amount of nonfederal funds to aid the homeless. In a study by the U.S. Department of Housing and Urban Development (HUD) on shelters for the homeless,<sup>1</sup> shelter managers participating in the survey reported that over \$1.5 billion was budgeted for the nation's shelters in 1988.<sup>2</sup> The HUD survey found that approximately 65 percent of the total shelter revenues came from a variety of federal, state, and local government sources (about one-half of all shelters receive state and local government funds), while 35 percent came from the private sector. Private groups, such as churches and community organizations, controlled and operated almost 90 percent of all shelters in 1988. Furthermore, according to the HUD study, an estimated 80,000 persons volunteered about 30 million hours of their time at homeless shelters in 1988. This figure represents an increase of 20 million hours per year over 1984. Using the minimum wage rate, HUD valued the 20 million additional hours at \$100 million.

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## Factors to Consider in Interpreting Donation Data

The data reporting the value of items donated to the homeless through the donation program require some qualification. Deterioration is not taken into account when items are valued, and total values do not necessarily reflect actual levels of assistance to the homeless. The value of items donated through the surplus property program is reported in terms of original acquisition cost without reference to depreciation. Acquisition cost can vary widely from current value and, particularly in the case of high-cost items, can grossly exaggerate actual worth. For example, according to one SASP official, donated vehicles often have been stripped of key parts and need substantial work to be operable. In visits to warehouses, we found vehicles missing wheels and various parts required for operation. (See fig. 2.1.) Reporting the value of such items in terms of original acquisition cost paints an overly optimistic picture of the amount of aid going to recipients.

Annual changes in the dollar value of donations do not necessarily reflect corresponding changes in the level of assistance to the homeless. For example, donation dollars to the homeless increased substantially in 1989 because two boats were donated to assistance providers in Florida as housing for the homeless. (See table 2.1.) Together, these two items

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<sup>1</sup>A Report on the 1988 National Survey of Shelters for the Homeless, HUD (Washington, D.C.: Mar. 1989).

<sup>2</sup>According to HUD, this figure does not include the many out-of-shelter services and programs, both private and public, that assist the sheltered homeless population—such as community health centers, clothing exchanges, and soup kitchens, as well as welfare payments. This figure also does not reflect donations of goods and services.

were valued at \$2.9 million—about 43 percent of the total homeless donation for 1989.

To further qualify the fiscal year 1989 donation in Florida, a GSA headquarters official told us that one of the boats, valued at \$700,000, is no longer being used as a homeless project and thus no longer qualifies as a donation to a homelessness assistance provider. Nonetheless, the \$700,000 original acquisition cost was never taken off the books and is still listed as a donation to the homeless in fiscal year 1989.

The value of surplus personal property donated to assistance providers varies among states and participating territories. For example, in fiscal year 1990, amounts donated ranged from \$0 in 11 states to \$1,244,525 in New York. (See fig. 2.2.) As discussed in chapter 3, numerous factors affecting the amount of donated property reaching homelessness assistance providers could cause such variations.

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## Conclusions

Because the homeless population and the groups that assist them are diverse and frequently changing, neither the number of homelessness assistance providers nationwide nor the total support they receive is known. However, the existing data do allow us to conclude that (1) homelessness assistance providers receive far less aid from the personal property program than from other public and private funds dedicated to the homeless and (2) states and participating territories provide widely varying amounts of homelessness assistance.

The current method of valuing donations at their original acquisition cost rather than at current value undoubtedly overstates the worth of many items. However, because all items are valued on the same basis, this method does permit reasonable comparisons of assistance going to different groups. Although we did not determine whether the current method of valuing donated property should be changed, we do not advocate changing the current method solely to obtain better measures of assistance to the homeless. Determining the actual value of donated items would probably be time consuming and costly and would not directly promote the primary purpose of the Federal Surplus Personal Property Donation Program—orderly disposal of surplus personal property to worthy recipients, whether they be homelessness assistance providers or not.

# Program Features Discourage Program Use by Homelessness Assistance Providers

Although the McKinney Act gave homelessness assistance providers direct access to federal surplus personal property, certain features of the federal property donation program limit the amount of property donated to aid the homeless. Many of these features stem from the program's not having been designed specifically to aid small organizations with limited resources. As a result, the program does not always meet the needs of homelessness assistance providers.

The following features discourage homelessness assistance providers from using the program: (1) the cost of items to providers, which reflects state handling and distribution costs, is sometimes high; (2) the types of items available generally are not useful to homelessness assistance providers; (3) the condition of many potentially useful items is poor; and (4) the location of federal and state distribution points is sometimes inconvenient.

In addition to these factors, providers' low priority in the personal property disposition process and an impractical administrative requirement limit the amount of property that providers receive. These factors could be changed to make the program more accessible for homelessness assistance providers.

## Some Features Make the Program Unattractive to Assistance Providers

Under procedures governed by the Federal Property Act of 1949, as amended, participation in the Federal Surplus Personal Property Donation Program entails costs that are difficult for some eligible organizations to meet. While the Federal Property Act was amended to increase the number of organizations eligible for surplus property, procedures for obtaining the property remained virtually unchanged. To obtain property, organizations must commit resources to travel to federal locations and/or SASPs to screen available property,<sup>1</sup> to transport the property they want from federal locations or SASPs to their own location, and in many cases to repair selected property. Although the organizations originally authorized to receive surplus property under the Federal Property Act—primarily educational institutions and municipalities for public airports—are likely to have the resources necessary to obtain the property, organizations added later, such as homelessness assistance providers, often have fewer such resources.

<sup>1</sup>In some cases, according to GSA and SASP officials, assistance providers pick up items directly from federal warehouses. They may screen items at a federal warehouse, notify the SASP office that they would like to have an item, and transport it directly from the warehouse. The SASP, however, must complete the paperwork transferring the item to the assistance provider.

Our SASP survey shows that 6 states never give discounts, 19 states sometimes give discounts, and 25 states have a standard policy of giving discounts to homelessness assistance providers. In 17 of the 25 states that have a standard discount policy, the discounts vary. Even if a SASP has a standard discount policy for homelessness assistance providers, this policy may not apply to all items. For example, some SASP officials told us that if an item is popular (i.e., it moves quickly and recovers its handling and transportation charges), it will not be discounted for a provider. The assistance providers whom we surveyed confirmed that this practice occurs. Only 14 of 24 assistance providers we contacted who received blankets and bedding through the program reported paying a fee for these items. However, 27 of 28 providers who received household and office furniture through the program reported paying a fee.

When the costs of staff time to visit the SASP, transportation costs, and repair costs are added to the SASP's fee, providers' total direct and indirect costs for obtaining items may be substantial.

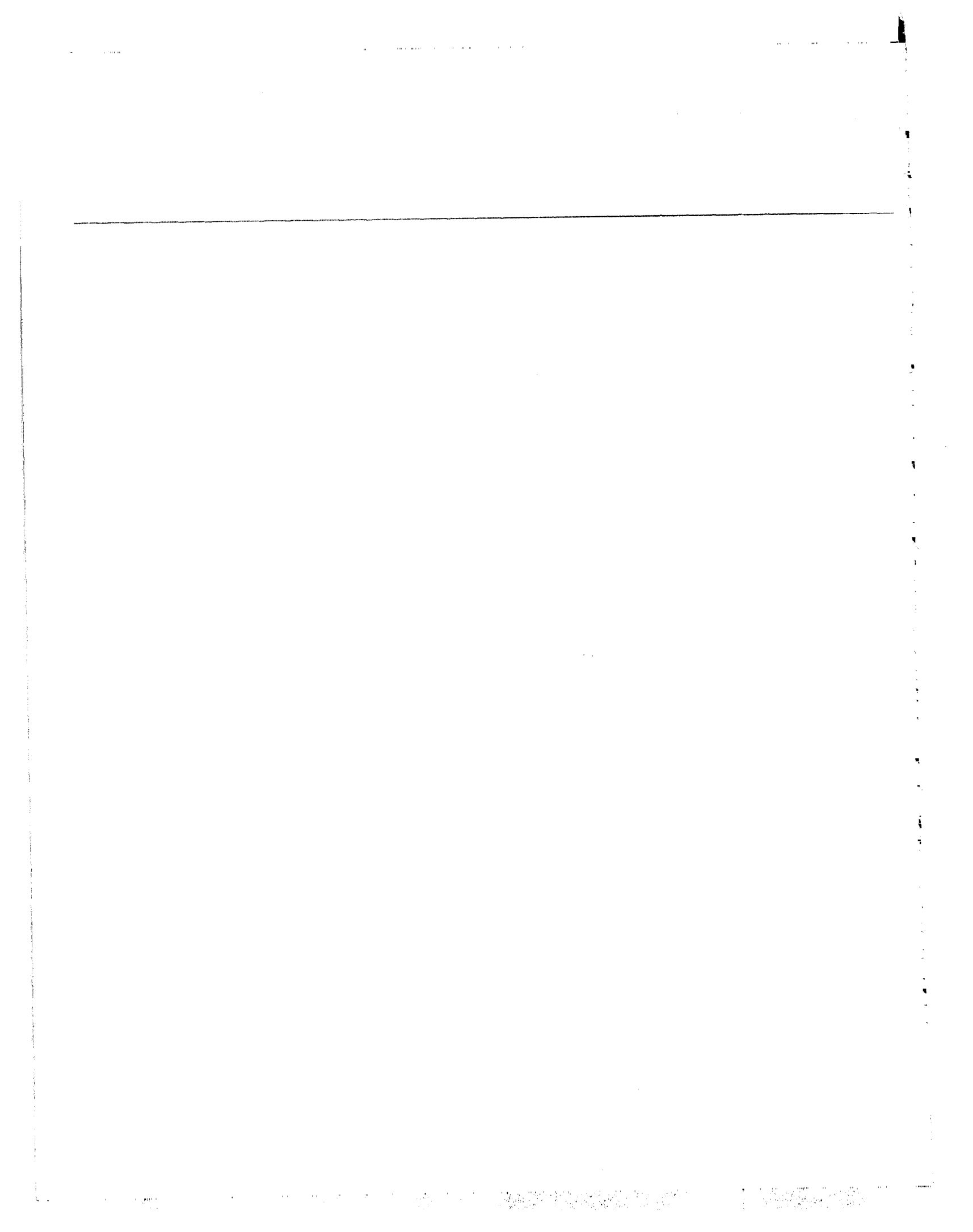
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**The Types of Items Available Are Generally Not Useful to Homelessness Assistance Providers**

Much of the property available through SASPs is not useful to homelessness assistance providers. Personal property includes vehicles, heavy machinery, office and kitchen equipment, furniture, bedding, and clothing. According to the assistance providers that we surveyed, the most useful items that SASPs can offer are blankets and other bedding. Furniture and kitchen equipment were also frequently mentioned.

Assistance providers told us that frequently they were not finding useful items at SASP warehouses. For example, 39 of 47 assistance providers we surveyed said that they would have gotten more items but the kinds of things they needed were not available.

When we discussed this issue with a GSA regional official responsible for attending SASP screening of items in DOD warehouses, he said that he often sees items useful to the homeless remain at the warehouse after SASP screeners have chosen what they want. He said that these state screeners are primarily interested in obtaining property on which they can recover their transportation and warehousing costs through reasonable service and handling charges to recipient organizations. Inexpensive items that are useful to homelessness assistance providers can be a financial drain on a SASP. For example, a SASP may not recover transportation costs on a shipment of blankets.



# Executive Summary

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## Purpose

In the United States today, a large number of individuals and families are homeless. To address this national problem, the Congress enacted the Stewart B. McKinney Homeless Assistance Act (P.L. 100-77, July 1987) and its subsequent amendments (P.L. 100-628, Nov. 1988). The McKinney Act authorized a number of direct assistance programs to provide shelter and support services for the homeless and made homelessness assistance providers eligible to receive federal surplus personal property directly through the Federal Surplus Personal Property Donation Program.

Concerned that homelessness assistance providers have obtained relatively little property through the donation program, the Chairman of the Senate Committee on Governmental Affairs asked GAO to provide information on (1) how extensively the donation program has assisted the homeless, (2) whether certain features of the program limit its effectiveness in aiding the homeless, and (3) whether the program could be modified to improve its effectiveness in aiding the homeless.

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## Background

Authorized under the Federal Property and Administrative Services Act of 1949 (the Federal Property Act), the Federal Surplus Personal Property Donation Program is designed to dispose efficiently of property that federal agencies no longer need. Items available for donation range from heavy equipment, such as aircraft, ships, motor vehicles, and construction machinery, to more common domestic items, such as clothing, kitchen equipment, hardware, furniture, and office equipment.

The General Services Administration (GSA) administers the donation program, making surplus property available to eligible organizations in an order of priority fixed by law and GSA regulations. Property is first made available to the Federal Aviation Administration for use by public airports. Property from the Department of Defense (DOD), which generates most of the available property, is then offered to service educational activities (SEAS) of special interest to the armed services, such as the Red Cross, Boys Clubs, Scouts, and Little League Baseball. Property not claimed by these groups is then made available to state agencies for surplus property (SASPs) established in each state. SASPs make surplus property available to public and nonprofit private organizations, including homelessness assistance providers, usually in exchange for a service charge to cover their costs.



Emergency Management Agency. From fiscal years 1987 to 1990, homelessness assistance providers have received donations valued at \$15.8 million, or less than 1 percent of all personal property donated through the program. These donations likewise equalled less than 1 percent of the \$1.7 billion for homelessness assistance that the Congress appropriated for all McKinney Act programs during this same period.

A U.S. Department of Housing and Urban Development (HUD) study and GAO's interviews with selected providers further indicate that homelessness assistance providers do not rely extensively on the donation program. According to the HUD study, over \$1.5 billion in combined public and private funds was budgeted for the nation's shelters in 1988—100 times the value of all direct donations to assistance providers through 1990. GAO's interviews found that 41 out of 45 selected homelessness assistance providers relied more heavily on personal property donations from private sources than from the federal donation program.

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### Program Features Limit Acquisition of Surplus Personal Property

Because the donation program was designed primarily to dispose of federal surplus personal property, it is inherently unsuited in certain respects to aiding the homeless. Some donable items are simply not useful to assistance providers, while others are in such poor condition that they cannot be used without expensive repairs. SASPs' service charges or the costs of transporting surplus items may be prohibitive for providers, and property distribution centers are often located too far from providers to permit ready access to surplus property.

Other features limiting the donation program's usefulness to homelessness assistance providers are derived from laws and regulations and could be altered. Both the position of providers in the property distribution process and a GSA reporting requirement are such features. At present, providers are not eligible to select surplus property until after SEAS have made their choices, and providers may therefore be missing opportunities to obtain property of use to both groups. Data recently obtained from GSA suggest to GAO that SEAS select about half of their items from federal supply categories containing items of use to providers. A GSA reporting requirement, which providers find burdensome, is probably necessary to guard against fraudulent use of more expensive items but could be eliminated for the less expensive items useful to providers. Current regulations require providers to demonstrate, for all items except clothing, that donations are being used for at least 12 months after donation for the purposes specified at the time of donation.

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# Introduction

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The Stewart B. McKinney Homeless Assistance Act (P.L. 100-77, July 1987), as amended, was enacted to respond to a crisis facing a growing number of individuals and families in the United States—the lack of shelter and related support services. The act authorized a number of homelessness assistance programs that were to provide funds for direct services to the homeless. A major purpose of the McKinney Act is to use public resources and programs to meet the needs of the nation's homeless. Title V of the act addresses this purpose by enabling qualifying organizations to obtain surplus personal property for use in providing food, shelter, or other services to the homeless.

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## Background

Federal agencies acquire and use millions of dollars worth of personal property that they eventually no longer need. Items range from heavy equipment, such as aircraft, ships, motor vehicles, and construction machinery, to more common domestic items, such as clothing, shoes, furniture, kitchen equipment, hardware, and office equipment. When the federal government no longer needs these items, it may donate them to designated organizations through a property disposal process. The disposal process has evolved through decades of legislation. Although the Federal Property and Administrative Services Act of 1949 (the Federal Property Act) established a governmentwide property disposal system, the disposal process currently in effect was established in 1976 through P.L. 94-519, which consolidated the distribution systems operated by various federal agencies. This 1976 law also gave responsibility for administering the program to the states through state-designated agencies responsible for handling federal surplus property. Since 1949, the program has also continually been modified to authorize various additional organizations to obtain federal surplus personal property.

The Federal Property Act, as amended, is administered by the General Services Administration (GSA) and authorizes state and local governments, as well as certain nonprofit tax-exempt organizations, to receive federal surplus personal property. Eligible nonprofit, tax-exempt organizations include medical institutions, schools, child care centers, licensed educational radio and television stations, museums, libraries, and certain senior citizens organizations. According to the Department of Defense (DOD), which currently generates about 90 percent of federal surplus personal property, the 10 highest categories of donated DOD property in terms of dollar value are

- motor vehicles, trailers, and cycles;
- aircraft and airframe structural components;

feasible, within the agency or to its cost-reimbursable contractors. Property that cannot be reassigned within the agency becomes excess property. Certain types of excess property, called reportable property, must be reported to GSA. Generally, items originally acquired for \$1,000 or more are reportable, depending upon type and condition. Property not required to be reported to GSA is called nonreportable property. In fiscal year 1990, 78 percent of all surplus property donated was listed as nonreportable.

Once reportable property is classified as excess, GSA assigns it a surplus release date. Generally, the surplus release date must be within 60 calendar days of GSA's receipt of the report classifying the property as excess. During the 60 days before the surplus release date, the property may be acquired by federal agencies, those having cost-reimbursable contracts with the agencies, participants in cooperative agreements with the federal government, and federal grantees. (See fig. 1.1.) Nonreportable property is available for transfer to these same potential users for a minimum of 21 days. Information about the availability of any excess property may be obtained through personal contacts with GSA or holding agency installations, through excess personal property catalogs and bulletins circulated by GSA, and through reports and samples of excess property assembled in GSA regional offices. Agencies may also submit current and future requirements for excess property to GSA regional offices. Excess property not transferred by the surplus release date is then classified as surplus.

Surplus property must move through a donation screening period of 21 days. During the first 5 days of the screening period, surplus property is available for donation only to the Federal Aviation Administration (FAA) for use by public airports. Personal property donations to public airports were originally authorized under P.L. 78-457 in 1944. Non-DOD surplus property is then available for transfer to state agencies for surplus property (SASPS) for the remainder of the screening period.

Each state has a single SASP that obtains federal surplus personal property through GSA for the purpose of donating that property to eligible organizations within its state. Types of organizations that may receive property from SASPs include: (1) tax-supported or tax-exempt nonprofit hospitals, eligible since 1950; (2) tax-supported and nonprofit tax-exempt schools for the mentally retarded and physically handicapped, eligible since 1962; (3) public agencies and nonprofit organizations receiving funds under the Older Americans Act, eligible since 1978; and (4) qualifying homelessness assistance providers, eligible since 1987. The McKinney Act requires GSA, through these authorized state agencies, to make information available to homelessness assistance providers about surplus personal property that may be used to provide food, shelter, or other services to the homeless.

Although surplus property is considered “donable” to designated organizations, regulations allow SASPs to charge recipients for service and handling costs. This charge allows SASPs to cover their costs—an important consideration since most SASPs are funded from service fees charged to donees who receive surplus property. SASPs receive no federal funds to operate the surplus property program, and only 6 of the 50 SASPs that we contacted receive any state appropriations to cover operations costs.

Because SASPs recover operating costs through service charges, items the federal government donates to SASPs through the Federal Surplus Personal Property Donation Program are not generally free to recipient organizations. However, the McKinney Act provides that surplus property will be made available to qualified homelessness assistance providers at a “nominal cost” or at no cost when the Administrator agrees to reimburse the SASP for the costs of caring for and handling the property.<sup>1</sup>

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## DOD Property Must Go Through More Steps in the Disposition Process

DOD property must go through more steps than property entering the disposition process from other agencies. First, 10 U.S.C. 2547 authorizes DOD to make its nonlethal personal property available to foreign governments for humanitarian relief. Property is available through this program, called the Humanitarian Assistance Program, before it is offered to other federal agencies. According to a DOD official, in fiscal year 1990, the Humanitarian Assistance Program took over \$22 million in property that was then unavailable for federal agencies and other possible recipients. DOD receives yearly appropriations to cover transportation costs

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<sup>1</sup>According to staff we surveyed in every GSA region, GSA has not reimbursed a SASP for handling and service charges since homelessness assistance providers became eligible in 1987.

value or that the estimated cost of continued care exceeds estimated proceeds from sales.<sup>2</sup>

## Objectives, Scope, and Methodology

On March 23, 1989, the Chairman of the Senate Committee on Governmental Affairs requested that GAO examine the implementation of title V of the McKinney Act. This is our second report in response to that request. Our first report, Homelessness: Action Needed to Make Federal Surplus Property Program More Effective (GAO/RCED-91-33), was issued on October 9, 1990, and focused on Section 501, surplus real property. Section 502 of the McKinney Act, the focus of this report, requires that surplus personal property that may be used to provide food, shelter, or other services to the homeless be made available to them through SASPs and assistance providers.

We agreed with the Chairman's office to provide information on (1) how extensively the donation program has assisted the homeless, (2) whether certain features of the program limit its effectiveness in aiding the homeless, and (3) whether the program could be modified to improve its effectiveness in aiding the homeless. To accomplish these objectives, we examined the personal property disposal process, determined how GSA and other agencies and groups disseminate information about the personal property program and about specific items available for donation, and ascertained how much and what kind of property is being made available to the homeless.

To meet these objectives, we reviewed the applicable regulations, legislation, and agency files. We interviewed representatives from GSA headquarters and regional offices and from DOD. In addition, we visited state warehouses in Maryland, Texas, and Virginia, as well as one of DOD's Defense Reutilization and Marketing Offices (DRMOs)<sup>3</sup> in Fort Belvoir, Virginia, to see the type and condition of property available to assistance providers. We chose these sites in Maryland and Virginia for their proximity to our offices. We visited the Texas SASP because it has a successful donation program and because, according to a GSA official, GSA considers it a model.

<sup>2</sup>The holding agency must notify the public of the impending action for at least 7 days except when a single line item of property to be abandoned or destroyed at any one location at any one time has an original acquisition cost of less than \$500 or when it is in the best interest of the public to immediately abandon or destroy the property—i.e., retaining the property is clearly uneconomical, the property is unserviceable and expendable, or immediate abandonment or destruction is required for health, safety, or security considerations.

<sup>3</sup>DRMOs are DOD warehouses from which DOD distributes surplus property.

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# The Federal Surplus Personal Property Donation Program Has Provided Limited Benefit to the Homeless

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Neither the number of homelessness assistance providers nationwide nor the total funds they receive is known. However, available data show that the Federal Surplus Personal Property Donation Program is a relatively minor source of assistance for the homeless. Although thousands of homelessness assistance providers are potentially eligible, probably fewer than 600 participated in fiscal year 1990, according to GSA estimates. The homeless have received less assistance from this program than other recipients, and they have received less from this program than from other public and private funding sources.

Because federal donations are valued at their original acquisition cost rather than at their fair market value at the time of donation, their worth is undoubtedly overstated. Nonetheless, switching to a current value method would not be practical or relevant to the principal purpose of the property donation program.

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## Comprehensive Data on Homelessness Assistance Is Not Available

Because of the nature of the homeless population and homelessness assistance groups, comprehensive information is not available on the total number of homelessness assistance providers or the total aid that they are currently receiving. As a nation, we have been unable to count the homeless; therefore, we cannot capture their total funding needs.

Compiling comprehensive information on homelessness assistance providers is difficult because they are diverse organizations that provide a variety of services. For example, the McKinney Act's homelessness assistance programs help the homeless by providing emergency food and shelter, transitional and permanent housing, primary health care services, mental health care, alcohol and drug abuse treatment, education, and job training. Both private, nonprofit groups and state and local governments operate these programs. In addition, many of these groups rely extensively on private funds and volunteers. These diverse characteristics make it difficult to identify and develop meaningful data on assistance providers nationwide.

Even though existing data do not support a broad statistical analysis of the homeless population and its needs, information is available for representative segments of this population. The following section compares aid to the homeless through the Federal Surplus Personal Property Donation Program with aid through other homelessness assistance programs.

**Chapter 2**  
**The Federal Surplus Personal Property**  
**Donation Program Has Provided Limited**  
**Benefit to the Homeless**

practice can overstate the value of property because it does not take into account deterioration over time.

**Table 2.1: Federal Surplus Personal Property Donations**

Dollars in millions				
Donations	Fiscal Year			
	1987	1988	1989	1990
Public airports (FAA)	\$4.6	\$3.9	\$4.1	\$3.3
SEAs	8.6	6.9	8.0	7.2
SASPs	371.0	380.1	428.4	464.9
Homelessness providers <sup>a</sup>	(1.8 <sup>b</sup> )	(2.7)	(6.9 <sup>c</sup> )	(4.4)
Other <sup>d</sup>	24.7	34.0	31.8	37.9
<b>Total - all donees</b>	<b>\$408.9</b>	<b>\$424.9</b>	<b>\$472.3</b>	<b>\$513.3</b>

<sup>a</sup>These figures show dollar amounts of property donated to homelessness assistance providers through SASPs and are included in the SASP totals.

<sup>b</sup>Because the McKinney Act was enacted in July 1987, this figure does not cover a full fiscal year.

<sup>c</sup>This figure includes \$2.9 million attributable to two boats donated in Florida.

<sup>d</sup>Includes transfers of foreign excess property, contractor inventory property, and items for use by charitable institutions.

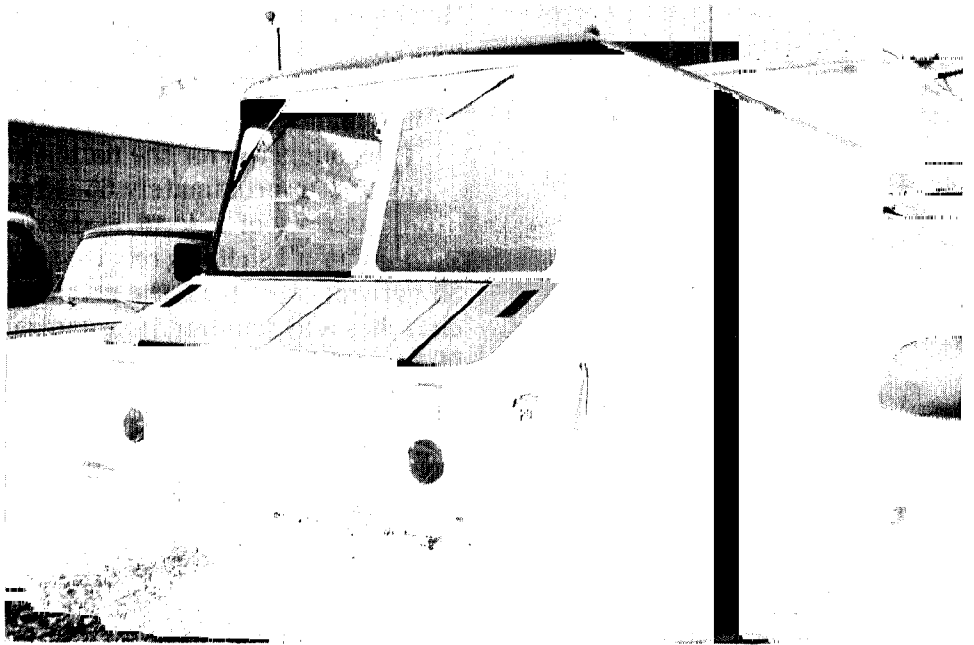
Compared with total federal funding for homelessness assistance, donations to the homeless through the donation program are also small. During fiscal years 1987 to 1990, the Congress appropriated approximately \$1.7 billion for McKinney Act programs, while, as noted above, the personal property program donated \$15.8 million in property to homelessness assistance providers—less than 1 percent of total McKinney Act funding.

In addition to federal funds, homelessness assistance providers receive a significant amount of personal property and/or funding from state and local governments and from the private sector. For example, 45 of the 47 donation program participants that we surveyed also received donations other than cash or food from private sources. Of these 45 providers, 41 received more personal property donations from private sources than from federal sources. Assistance providers benefit from local factories and outlets that donate food, clothing, and other items to the homeless. Several assistance providers whom we visited showed us new computers, furniture, clothing, and food items that they had received at no charge. These assistance providers also told us that they rely much more heavily on private donations and federal grants than on federal personal property donations.

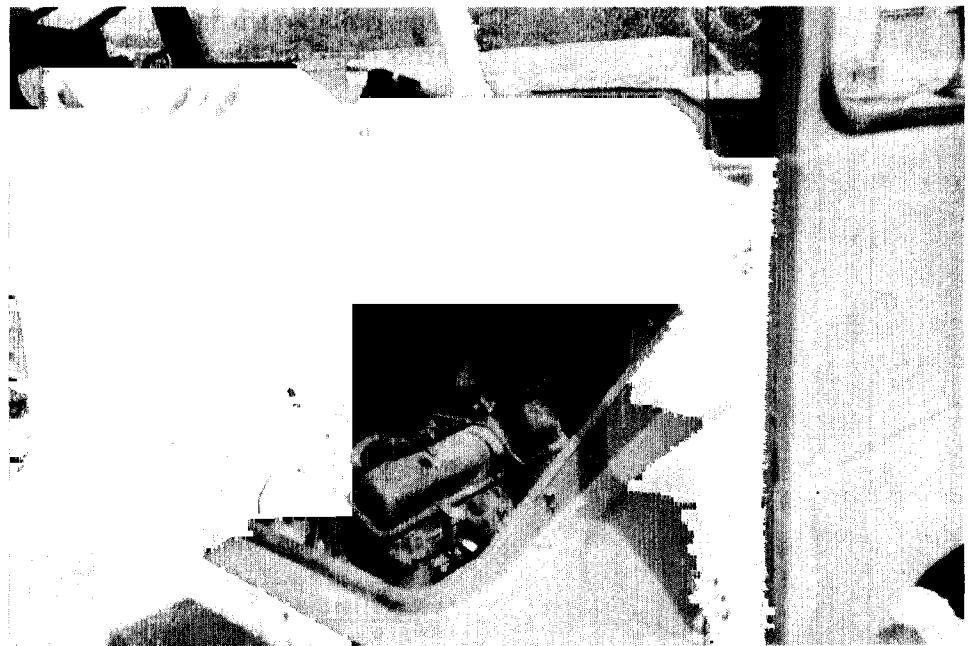


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**Figure 2.1: Exterior and Interior View of Surplus Vehicle at the Virginia SASP, Richmond, Va.**



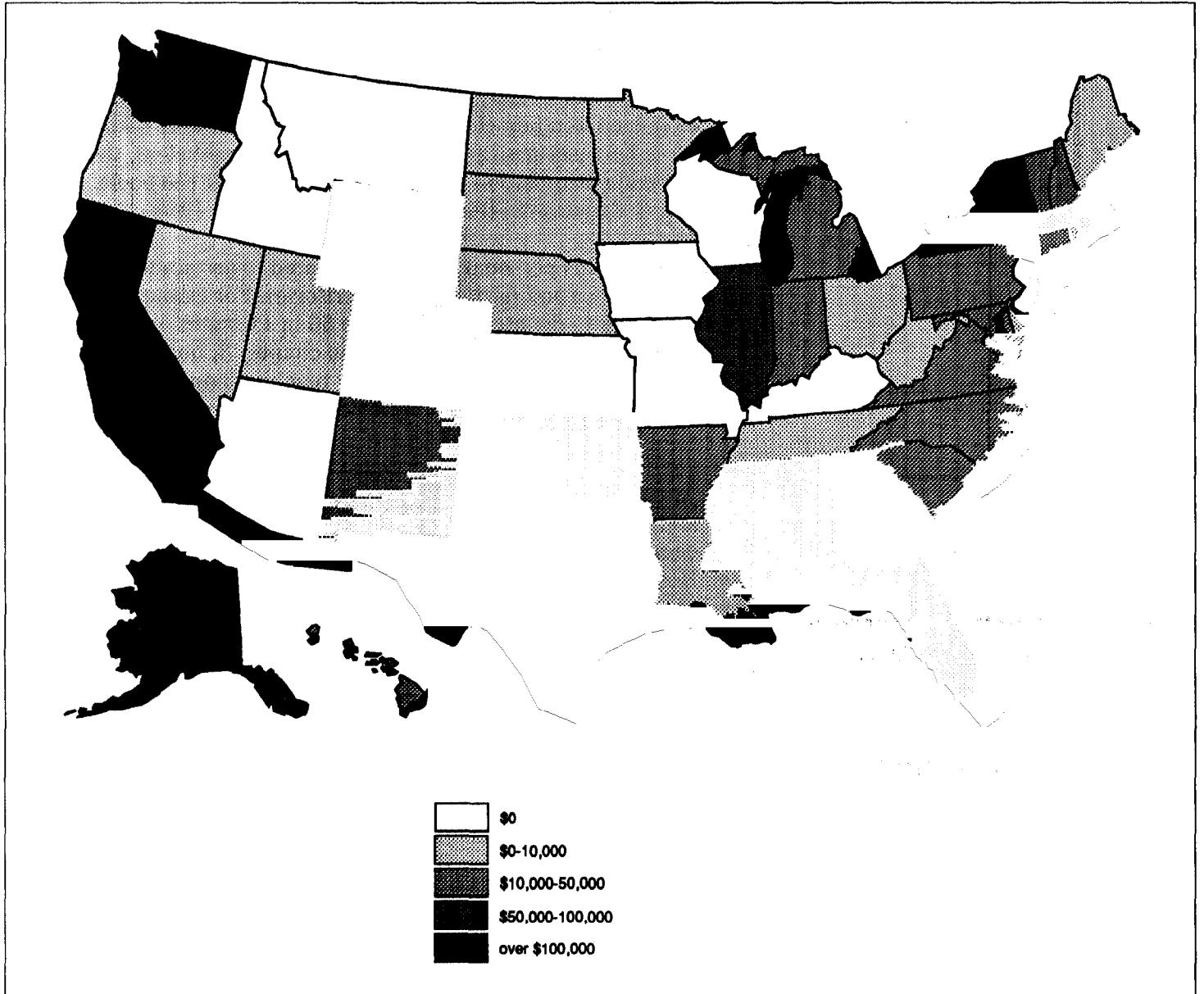
Exterior View



Interior View Showing Missing Engine Parts

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**Figure 2.2: Map of Fiscal Year 1990 Federal Surplus Personal Property Donations by State**



The requirement for donee resources built into the property disposition system discourages small donees from obtaining large quantities of property. Homelessness assistance providers, in particular, are often small organizations with limited resources. They may not have personnel available to travel long distances to screen property, vehicles to transport selected property, or personnel skilled in repairing damaged property.

Even though the existing property disposition program is not tailored to meet the needs of assistance providers, it does make some aid available to the homeless at minimal cost to the federal government. The federal government is responsible for reporting how much property is donated to homelessness assistance providers and for promoting the program to these same groups; however, these tasks have been accomplished with minimal effort. Reporting the amount of property donated to the homeless merely required an addendum to forms that SASPs were previously required to submit on the personal property program. Thus, the reporting mechanism was already in place. Promotion is, for the most part, handled by HUD, GSA, and the Interagency Council on the Homeless as part of presentations designed to help states and assistance providers use other McKinney Act programs. While actual cost data are not available, the limited nature of these activities indicates that federal costs of including homelessness assistance providers in the system are negligible.

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### **The Federal Surplus Personal Property Program Is Not a True Donation Program for the Recipient**

Although property donated through the Federal Surplus Personal Property Donation Program is itself free, the service and handling fees charged to recipients can deter assistance providers. As noted in chapter 1, regulations allow SASPs to recover their costs through fees to donees. We visited several SASP warehouses and found some charges were higher than we had expected. For example, at one SASP we found a couch priced at \$400 and desks priced at several hundred dollars each, depending on condition and type. We did not determine the quality or condition of these items. Providers whom we surveyed mentioned surplus bookshelves that were more expensive than new ones and typewriters that cost the same as used equipment in stores where no paperwork was needed.

Many states give homelessness assistance providers a discount in line with the McKinney Act requirement that assistance providers pay a “nominal” fee for donated items. However, state discount policies for assistance providers vary and may not always result in “nominal” prices.

To get more information on the extent to which SASPs take and thus make available items appropriate for donation to homelessness assistance providers, we surveyed officials in each of the 11 GSA regional offices. Although assistance providers told us that they sometimes could not find useful items at SASP warehouses, 7 of 11 GSA regional officials believe that state screeners are picking up about half or more of the appropriate property from federal warehouses. If these estimates are correct, homelessness assistance providers, in general, have access to at least half of the surplus personal property most useful to them. It should be noted that GSA regional officials identified essentially the same property as most useful for donation to assistance providers as assistance providers themselves. Eight GSA regions named clothing, while six regions named bedding, household furniture, and kitchen equipment.

In some cases, federal warehouse property listed as available to SASPs would appear to be useful to the homeless but on visual inspection is not. For example, at one warehouse we saw that both coats and gloves were available for donation to SASPs. However, upon inspection, we found that the coats and gloves were pieces of ceremonial costumes, which looked as if they would not be comfortable and would provide little warmth.

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### **The Condition of Many Items That Could Be Useful Is Poor**

When providers find useful items, they are sometimes dissatisfied with their condition. Of the 47 assistance providers we surveyed, 20 said that they did not select some of the items they needed because the items were in bad condition. Specifically, they told us that tables had no legs; refrigerators, washers and dryers were too badly damaged to use; and pants contained holes and were missing zippers.

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### **Federal and State Distribution Points Are Sometimes Not Conveniently Located**

In addition to problems with the property itself, the inconvenient location of federal distribution centers—most of them military bases—for SASPs, and of state distribution centers for assistance providers, discourage program use. Results of our 50-state survey indicated that SASPs with warehouses located closer to federal distribution centers generally made more frequent trips than those that had to travel longer distances. For example, 14 of the 16 SASPs that reported visiting a federal warehouse once a week or more had a SASP warehouse within 50 miles of the federal warehouse. Because almost all states reported that screeners visually inspected a large percentage of the property that they requested, fewer visits would mean fewer opportunities to inspect, and

therefore request, property. Generally, states with SASP warehouses farther away from a military warehouse would incur higher transportation costs, entailing higher service and handling charges for donees. This is especially true if the federal warehouse is hundreds of miles away, as is frequently the case. Seventeen states reported that the closest warehouse was 100 or more miles away.

Long distances also discourage assistance providers from traveling to SASP warehouses to inspect and pick up property. According to assistance providers, visiting the warehouse is the most frequently used and the most effective way of finding out what property is available. However, 21 of the 47 assistance providers that we surveyed said that the warehouse is located too far away for them to get items as often as they would like. One California assistance provider participating in the program had to travel 300 miles to a SASP warehouse.

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### **Homelessness Assistance Providers Have Low Priority in the Property Disposition Process**

Under the current program design, homelessness assistance providers are served by SASPs and therefore rank with SASPs as last in eligibility for property donations. The McKinney Act made homelessness assistance providers eligible to receive surplus property directly from SASPs, and many donees receive property at this point in the process.<sup>2</sup> However, other groups are eligible to receive surplus property earlier in the process. These groups include public airports (through FAA); service educational activities, or SEAs (i.e., Boy Scouts, Girl Scouts, U.S. Olympic Committee);<sup>3</sup> and small businesses, which have not taken any property to date.<sup>4</sup>

According to a federal warehouse official, FAA is authorized to obtain any surplus property but generally takes aircraft and electronic items rather than items that would be useful to the homeless. While the SEAs are entitled to take articles desirable to assistance providers (clothing, blankets and bedding, and furniture), we were unable to determine readily from the available records during our audit work what specific items SEAs took. Although property donations to SEAs totaled \$7.2 million in fiscal year 1990, assistance to the homeless was substantially

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<sup>2</sup>Homelessness assistance providers may receive property indirectly from SASPs. For example, another eligible group may obtain property from a SASP and then distribute it to homelessness assistance providers.

<sup>3</sup>SEAs are eligible for DOD property only.

<sup>4</sup>P.L. 100-656 made businesses receiving Small Business Administration grants eligible to receive surplus property in 1988. However, this provision of the program has not been implemented.

less—\$4.4 million. Accordingly, a relatively small shift in assistance could translate into a substantial increase in the current level of aid to the homeless.

In response to a proposed recommendation in our draft report, GSA compiled additional information on items that SEAS select. It did so by surveying the three regions that donated the most property to SEAS in fiscal year 1990—\$5.5 million of the \$7.2 million total. Because GSA records donations according to standard federal supply classifications rather than by item name, GSA was not able to identify specific items SEAS selected. However, GSA was able to determine the dollar amount of items that SEAS selected in each standard supply category.

To determine whether SEAS take items useful to homelessness assistance providers, we compared the top six items that assistance providers said were useful with the corresponding categories of items taken by SEAS. The items we compared were identified as useful by 74 percent or more of the providers that we surveyed. In terms of original acquisition cost, over 50 percent of the items chosen by SEAS were taken from the categories of items that assistance providers also find useful.

To give assistance providers equal access with SEAS to these items, providers could be allowed to screen items at federal warehouses concurrently with SEAS in addition to screening items at SASPs, as they presently do. Administratively, assistance providers could continue to establish eligibility through SASPs but obtain property from either SASPs or federal warehouses.

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### **Administrative Requirement Is Impractical for Assistance Providers**

Besides these program features limiting participation, one administrative requirement of the disposition program seems impractical and unnecessary for homelessness assistance providers. To discourage fraud, current regulations require that all donated property (except clothing) be used for the purpose for which it was donated for at least 12 months. Donees must be able to demonstrate this use to federal authorities if asked. Though practical for more expensive items, such as vehicles and heavy machinery, these regulations are impractical for the less durable goods typically acquired by assistance providers.

Assistance providers and SASP representatives told us that keeping track of low-cost items is generally impractical and inefficient. For example, one SASP representative told us that a recipient organization was cited for a program violation because it could locate only three of four shovels

donated a year earlier. Assistance providers told us that because of this administrative requirement, they often find it simpler and easier to obtain property from private sources than from the federal government. One provider expressed concern that items such as beds and chairs might be broken by their homeless clients during the 12-month period. If a SASP were to conduct a utilization check, the provider could find itself in a difficult situation.

Both SASPs and providers told us that items originally costing less than \$500 should not be subject to a reporting requirement. Relieving assistance providers of this administrative requirement could theoretically encourage increased participation by assistance providers. Altering this regulation would also free federal authorities for more important tasks, since they would no longer be required to check on items with an original acquisition cost of less than \$500.

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## Conclusions

As currently designed and administered, the Federal Surplus Personal Property Donation Program offers only limited potential for increasing aid to the homeless. However, the costs to the federal government of including assistance providers in the donation program (additional reporting requirements and promotional responsibilities) are minimal. Therefore, we believe that any program benefits accruing to homelessness assistance providers are worthwhile and cost effective from the federal perspective.

Several program features limit the amount of surplus property donated to assistance providers. Two of these features are inherent in the property donation program and thus offer little potential for change if the broad objectives of the donation program are to be maintained—to efficiently dispose of federal surplus property and to allow designated organizations to benefit from the property. First, the types of property the program generates are often not useful to assistance providers and even when they are, their condition may be too poor for them to be useful. Second, obtaining donations through the program entails costs for the donee: to screen and transport the items, repair those items in poor condition, and/or pay the handling and service charges levied by the state distribution agencies.

Nevertheless, some deterrents to participation could be removed, thereby potentially increasing the level of assistance reaching the homeless. Homelessness assistance providers, who currently receive low priority in the surplus property process, could be placed on an equal

footing with SEAS. The available data indicate that about half of the categories of items taken by SEAS also contain items useful to assistance providers. Although this change would not make the donation program a major source of homelessness assistance, it could, in our view, increase assistance substantially over current levels.

In addition, homelessness assistance providers could be relieved of an impractical and unnecessary administrative requirement—accounting for low-cost items. Under the current system, donees must be able to demonstrate the use of each donated item (except clothing) for at least 1 year. This requirement is impractical for the less expensive, less durable goods acquired by assistance providers, such as blankets and bedding.

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### **Matter for Consideration by the Congress**

If the Congress believes that homelessness assistance providers should be given higher priority in the surplus property donation program, the Congress should allow homelessness assistance providers to receive property directly from federal distribution centers concurrently with SEAS, in addition to receiving it from SASPs as they now do.

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### **Recommendation to the Administrator, General Services Administration**

We recommend that the Administrator amend the regulations implementing the Federal Property and Administrative Services Act of 1949 to eliminate use restrictions on items with original acquisition costs below an appropriate amount. In determining this amount, GSA should weigh the government's need to prevent fraudulent use of donated items against the donees' need to minimize their administrative burden.

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### **Agency Comments and GAO's Response**

GAO obtained agency comments from both DOD, which has a large role in the donation program, and GSA, which administers the program. DOD reviewed and concurred with the report. GSA partially concurred with the report, noting that program weaknesses relating to service charges, the frequently poor condition of the property, and the often inconvenient locations of SASP warehouses for providers indeed limit the program's effectiveness in serving the homeless. GSA disagreed with our proposals to allow assistance providers to receive property concurrently with SEAS and to eliminate a program accountability requirement.

Our draft report proposed that GSA survey the items that SEAS select from the donation program to determine the extent to which SEAS take items that could be useful to homelessness assistance providers. In preparing its comments on our draft report, GSA informally surveyed the



three regions that distributed most of the SEA donations in fiscal year 1990. These GSA regional offices responded with a list of the standard supply categories and the dollar amount of items taken by SEAS in each category. GSA then specified categories of items that it believed to be useful to the homeless. In choosing these categories, GSA narrowly defined items useful to homelessness assistance providers as items useful to homeless persons, such as shoes, clothing, and bedding. Next, program officials totaled the dollar amount in these categories taken by SEAS and determined that the amount taken was negligible. Furthermore, to determine the dollar value, a GSA program official told us that she had estimated what percentage of these items would probably be useful for homeless. From this brief survey, GSA concluded that little or no correlation exists between donations to SEAS and available property useful to homelessness assistance providers. GSA also concluded that the quantity of items donated to SEAS overall is not sufficient to affect provider donations adversely.

Our survey of homelessness assistance providers showed, however, that assistance providers also need items that GSA did not count to help run their facilities. For example, providers named office furniture and equipment as useful items. When we analyzed GSA's donation data, we counted items that we had previously found to be useful to both the homeless and to homelessness assistance providers. As a result, we concluded that about half of the items that SEAS select are obtained from federal supply categories that contain items useful to homelessness assistance providers. Because SEAS received substantially more donated property than homelessness assistance providers in fiscal year 1990—\$7.2 million vs. \$4.4 million, respectively—we believe that a small shift in the share of assistance that providers receive could translate into a substantial relative increase in the current levels of aid to the homeless. As a result of the additional information GSA provided, we revised our draft report to include a matter for congressional consideration concerning homelessness assistance providers' access to federal surplus personal property.

GSA did not concur with our proposal to eliminate one program accountability requirement. In our draft, we proposed that GSA eliminate the requirement that donees account for donated items valued below an appropriate amount. GSA misinterpreted our proposal and assumed that we meant the accountability requirement specifying that detailed accounting records be maintained for donated items. However, our proposal did not address this record-keeping requirement, but instead

addressed the requirement that providers be able, if asked, to demonstrate the appropriate use of items for 1 year.

Under current regulations, all property, regardless of acquisition cost, is subject to rules governing the property's subsequent use and disposition. Consequently, donees must be able to demonstrate that items are being used for the purposes for which they were donated for a minimum of 1 year. For clothing and bedding that may be donated directly to the homeless, donees must obtain the signatures of the homeless persons who accept the items. If donees cannot demonstrate use, SASPs may recover donated property, request compensation for items, or bar donees from participating in the program in the future. As noted earlier, this property is valued at its original acquisition cost, which often overstates the value of used items, especially when they are in poor condition.

In its comments, GSA did not deem accountability requirements to be inappropriate or unduly burdensome to donees. GSA noted that current GSA guidance specifies (1) a bookkeeping requirement to account for the value of donated property with an acquisition cost of \$500 or more per line item and (2) a subsequent use requirement on all donated items regardless of value. We clarified our proposal to make clear that it referred to eliminating the subsequent use requirement and not to the \$500 accountability limit. We continue to believe that it would be reasonable to eliminate the subsequent use requirement for the less expensive, nondurable items donated to homelessness assistance providers.



# Federal Surplus Personal Property Donations to Homelessness Assistance Providers by State and Territory (Fiscal Year 1990)

State or territory	\$ Amount donated	Percent of total <sup>a</sup>	Rank
Alabama	\$66,444	1.50	14
Alaska	62,334	1.41	16
Arizona	0	0.00	45
Arkansas	21,534	0.49	23
California	209,402	4.73	4
Colorado	70,013	1.58	13
Connecticut	8,134	0.18	31
Delaware	2,330	0.05	37
District of Columbia	686,246	15.50	2
Florida	77,061	1.74	12
Guam	18,968	0.43	26
Georgia	194,200	4.39	6
Hawaii	13,578	0.31	28
Idaho	0	0.00	45
Illinois	85,787	1.94	11
Indiana	21,164	0.48	24
Iowa	0	0.00	45
Kansas	0	0.00	45
Kentucky	0	0.00	45
Louisiana	5,155	0.12	35
Maine	5,502	0.12	33
Maryland	38,043	0.86	17
Massachusetts	91,956	2.08	9
Michigan	37,045	0.84	18
Minnesota	705	0.02	42
Mississippi	64,438	1.46	15
Missouri	0	0.00	45
Montana	0	0.00	45
Nebraska	5,311	0.12	34
New Hampshire	17,692	0.40	27
New Jersey	0	0.00	45
New Mexico	22,935	0.52	22
Nevada	6,424	0.15	32
New York	1,244,525	28.11	1
North Carolina	34,726	0.78	20
North Dakota	2,536	0.06	36
Northern Marianas	0	0.00	45
Ohio	2,163	0.05	38
Oklahoma	86,651	1.96	10

(continued)

**Appendix I  
Federal Surplus Personal Property Donations  
to Homelessness Assistance Providers by  
State and Territory (Fiscal Year 1990)**

<b>State or territory</b>	<b>\$ Amount donated</b>	<b>Percent of total<sup>a</sup></b>	<b>Rank</b>
Oregon	2,115	0.05	39
Pennsylvania	11,435	0.26	30
Puerto Rico	206,516	4.66	5
Rhode Island	24,634	0.56	21
South Carolina	36,576	0.83	19
South Dakota	219	0.00	44
Tennessee	1,096	0.02	41
Texas	581,089	13.12	3
Utah	237	0.01	43
Vermont	19,604	0.44	25
Virgin Islands	0	0.00	45
Virginia	13,011	0.29	29
Washington	186,759	4.22	7
West Virginia	1,289	0.03	40
Wisconsin	0	0.00	45
Wyoming	139,906	3.16	8

<sup>a</sup>Percentage of total refers to each state's percentage of the total amount donated to homelessness assistance providers in fiscal year 1990, \$4,427,488.

# Comments From the General Services Administration



Administrator  
General Services Administration  
Washington, DC 20405

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April 23, 1991

The Honorable Charles A. Bowsher  
Comptroller General  
of the United States  
General Accounting Office  
Washington, DC 20548

Dear Mr. Bowsher:

This letter is submitted in response to recommendations in the draft report entitled "HOMELESSNESS: Federal Personal Property Donations Provide Limited Benefit to the Homeless (GAO/RCED-91-108)." This report was furnished to the General Services Administration (GSA) by the Director for Housing and Community Development Issues on March 27, 1991.

A GSA review of the transfers to Service Educational Activities (SEA's) confirms that little or no correlation exists between donations to SEA's and property available for donation to homeless providers. While SEA and homeless provider donees select some of the same types of property, the quantity of the items donated to SEA's is not sufficient to affect provider donations adversely. Accordingly, GSA does not endorse the suggested change to homeless provider priority as a measure to increase donations to assist the homeless.

With regard to the second recommendation in the draft, current GSA guidance specifies donee accountability on transfers of property with an acquisition cost of \$500 or more per line item. Although some state agencies for surplus property (SASP) operate with different thresholds mandated by state law and state plans of operation, variances among the SASP's in this regard is not significant. It should be noted, however, that most items that homeless providers seek, such as clothing, are less than \$500. Also, in the guidelines for provider organizations, GSA has specified that providers need only obtain signatures from homeless individuals to whom clothing, blankets, sleeping bags and other expendable items are distributed. In light of these factors, we do not deem these accountability requirements on donated property to be inappropriate or unduly burdensome to donees.



**Appendix II  
Comments From the General  
Services Administration**

- 2 -

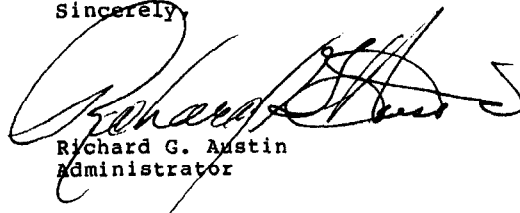
The report also contains references to program weaknesses which are limiting factors in providing assistance for the homeless through the GSA Donation Program. In general, weaknesses mentioned relate to service charges assessed by the SASP's, the not-new condition of surplus property, and the expense and inconvenience associated with traveling to and transporting property from SASP warehouses. These are valid observations of inherent program limitations.

Nonetheless, donations to providers have increased gradually and steadily during the years since passage of the Stewart B. McKinney Homeless Assistance Act. Agency officials assign a high priority to Federal assistance for the homeless, and continue to seek new strategies to increase and improve services through the GSA Donation Program.

Ongoing outreach endeavors include coordination with advocacy groups to explain program benefits and procedures; visits to shelters and other facilities for the homeless; formal presentations for state and local government officials, Congressional representatives, providers, and private citizens; and participation in activities sponsored by the Interagency Council on the Homeless.

If you require further information or clarification of the issues in the report, we are available to discuss them at any time.

Sincerely,



Richard G. Austin  
Administrator

# Comments From the Department of Defense



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WASHINGTON, DC 20301-8000

May 13, 1991

(L/SD)

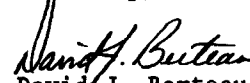
Mr. J. Dexter Peach  
Assistant Comptroller General  
Resources, Community, and Economic  
Development Division  
U.S. General Accounting Office  
Washington, DC 20548

Dear Mr. Peach:

This is the Department of Defense (DoD) response to the General Accounting Office (GAO) draft report, "HOMELESSNESS: Federal Personal Property Donations Provide Limited Benefit to the Homeless," dated March 27, 1991 (GAO Code 385221/OSD Case 8647). The DoD has reviewed the report and concurs without comment.

The Department appreciates the opportunity to review the draft report.

Sincerely,

  
David J. Berteau  
Principal Deputy



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# Major Contributors to This Report

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Resources,  
Community, and  
Economic  
Development Division,  
Washington, D.C.

Marnie Shaul, Assistant Director  
Patricia J. Metz, Evaluator-in-Charge  
Douglas Solomon, Evaluator  
Woodliff L. Jenkins, Advisor  
Fran A. Featherston, Senior Social Science Analyst

---

New York Regional  
Office

Frank Grossman, Evaluator



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