

CONTRACTING-OUT PROCEDURES

Only 13 bakeries now are operated at continental U.S. Army installations, due to changed requirements. These bakeries meet the criteria for continued operation and are the minimum number necessary for training and the specialist rotation support program.

More recently, in 1959, BOB Bulletin 60-2 was published as a revision and expansion of the two preceding bulletins. Under this expanded program, Department of the Army reviewed and evaluated an additional 1,284 activities. Of the activities evaluated, all were approved for continuance at the previous level except six approved for discontinuance and nine for curtailment. Even these decisions were not a direct result of the Bureau of the Budget bulletins, but rather a result of separate Army actions in the management of its operations.

I think it might be well to point out that BOB Bulletin 60-2, as well as previous policy issues related to commercial-industrial activities, did not require that decisions as to the discontinuance or curtailment of Army facilities be based on cost alone. Of far more importance and value to the Army were the provisions that decisions might be based on:

- (a) National defense requirements, such as the training of military personnel to insure combat readiness, and
- (b) Infeasibility of procurement from commercial sources because of the clear relationship of the activities to the basic missions of the Army or the administrative impracticability of contracting out.

Practically all of the decisions made by the Army in the latest survey of commercial-industrial activities were based on one or the other of these two criteria.

In 1960, the Office of the Secretary of Defense published DOD Directive 4151.1 which applied the reasoning of the Bureau of the Budget bulletins to the materiel maintenance area. It, in fact, posed no new requirement for the Army because it did little more than prescribe for the Department of Defense a policy already in effect in the Army.

The actions which have resulted from BOB Bulletin 60-2 and DOD Directive 4151.1 have not been significant since both only required us to reexamine policies which had been in effect for a significant number of years prior to their publication.

So much for external directives. Of far more consequence to the Army in the area of "contracting out" or otherwise reducing our requirement for personnel is our own internal improvement actions.

As in the other military departments, the Army strives constantly to get the most defense out of the dollar and personnel limitations—a particularly true cliché. We constantly look for ways in which we can save time, improve management or reduce requirements so that we can do the best possible job within the funds and personnel ceilings which we have. And I would say that the Army is doing an excellent job of distributing its limited resources toward meeting its requirements.

One example of an Army internal program is the depot improvement plan which was implemented in fiscal year 1961. The basic concept is that we should have only that storage space required for our present