

Prior to World War II, the Navy, due to the uniqueness of its ships, its weapons, and its equipment, had developed both the capability and the capacity to accomplish practically all of its maintenance inhouse. This work consisted of the maintenance of ships, guns, aircraft, aircraft components, radio and electronic equipments.

During the war, with the vast expansion of the fleet, it became necessary to place some of the increased ship repair workload in private shipyards.

Following World War II, the Navy initiated a program to contract for depot maintenance of nonmilitary type aircraft, such as the R4D, R5C and JRF, in order to retain a mobilization potential within the rapidly declining aircraft construction industry. This action occurred quite naturally since our overhaul and repair depots were busily engaged in reworking combat aircraft for stowage as a mobilization reserve.

Shortly after World War II the Navy contracting out program accounted for 20 percent of its ships overhaul, 65 percent of its new ship construction, and continued 100 percent of aircraft new production.

As the post-World War II period progressed, many new technologies, new weapons, and new equipments evolved rapidly, such as jet engines, rockets, missiles, and vastly more sophisticated electronics. The Navy lost many skilled technicians and found it most difficult to recruit, train, and then retain the skills required to maintain these new items.

Concurrently, requirements for repair facilities and test equipment changed to a marked degree. Thus began a shift in the pattern of depot maintenance operation. Actually, rapid technological changes prohibited, because of costs, the Navy from developing an inhouse capability for each new weapon or equipment. In this manner, our present day practice of contracting out has evolved.

Department of Defense Directive 4151.1 is truly a reflection of Navy policy concerning maintenance of its equipment. As stated above, technological changes have prevented the Navy from attaining inhouse capability on certain mission essential items to the fullest extent.

In these instances it is believed that the best overall interests of the Government are being served without detriment to Navy capability to perform its mission.

In determining whether the maintenance of a weapon or equipment is to be contracted out, the Bureau of Naval Weapons considers several factors such as the following:

- (1) Capability: Presently, an inhouse capability does not exist for every weapon and/or equipment nor will it be developed immediately for each and every item due to complexity and changing technology surrounding its maintenance. However, as each product stabilizes, providing the requirements warrant it, and the costs are permissive, an inhouse capability will be developed. It is possible that in some cases reliance on contractor maintenance may continue indefinitely. This would generally occur in cases where the contractor is the only source, possesses the necessary repair and test equipment and the cost to duplicate or move these facilities inhouse could not be justified. Contracting out will no doubt be employed to accomplish