

content and amount normally change from one project to the next or from a past time to the present. Second, the cost-accounting systems between industry and Government are sufficiently different to present problems. Third, there is a lack of comparability in the treatment of depreciation of facilities which industry accounts for and the Government normally does not, and in determining what overhead to attribute to a particular job. Finally, it is often not possible to segregate such costs as those associated with the support furnished a contractor by the Government.

This is not to say that costs are not important, but only that exact comparisons between contract and inservice costs are often not possible. In those areas where primarily labor is involved such as food service, cost comparisons are feasible and are, in fact, used.

Mr. Chairman, this concludes my prepared statement to the committee. I believe that we are making a concerted effort to manage the use of contract services effectively.

With your permission, I would like to further demonstrate this view and provide the more detailed information of interest to the committee by proceeding with a presentation by Col. James E. Hill from the Air Staff on the general use of contract services. And as we previously noted, Colonel Riemony presented the detail yesterday on depot level maintenance contracting.

Having done this, sir, and at your pleasure, we will try to answer the questions you gentlemen of the committee may have.

Mr. HEBERT. Colonel Hill you say is present?

Colonel HILL. Yes, sir.

Secretary IMIRIE. Colonel Hill, to my far left.

Colonel HILL. Mr. Chairman and members of the committee:

CONTRACT SERVICES

In this presentation I shall state the contents of our policy on the use of contract services, how successful we have been in applying that policy, and the specific uses of contract services from fiscal year 1959 through fiscal year 1961 in the functional areas of interest to the committee. With the exception of one overall trend chart on the use of military, civilian, and contract services manpower, this presentation will be confined to contract services used by the active Air Force for work in areas other than research and development, real property maintenance and repair, and depot maintenance which was covered by Colonel Riemony yesterday.

DEFINITIONS

CONTRACT SERVICES—INSERVICE PERSONNEL

Since I will be using two terms frequently during the course of this presentation, let me commence by defining them. Contract services are those services obtained from non-Air Force sources to perform Air Force work. Contract services provide a work force supplementary to our military and civilian manpower resources. Contract services include contracts in such areas as maintenance, overhaul and modification of equipment and facilities, operation of facilities such as the distant early warning line, training, and housekeeping services.