

a cost analysis of the operation and maintenance functions could be made. As planned the program was to include 550 units to be maintained by station forces and 550 units by contract forces.

The purpose was ostensibly one of economy, but whatever might be gained in that respect, and such a gain is by no means assured, will be more than offset by the hardship caused for 85 to 90 civil service employees who will be displaced if the decision is finally to use contractual services. If they are displaced, there will be a payroll loss to residents of the Beaufort area of \$433,500 to \$459,000.

Contracting has been used on an increasing scale at the Laredo Air Force Base in Texas. In the second quarter of 1961 civilian personnel numbered 641 and contractor personnel 85. In the fourth quarter of 1962 it is planned to reduce civilians to 533 and increase contractor employees to 182. Prior to April 1961, the feeding of troops and refueling of planes were on contract. Additional contracts have been let for trash collection, custodial service, photographic services, motor vehicle and maintenance operations, pavement and ground maintenance, and insect and rodent control.

Recently a group of custodial employees at McClellan Air Force Base were involved in a reduction in force because of contracts let for cleaning services. Some of the employees affected are in the 40- to 50-year age group and have had as much as 19 years of service.

These examples of Government contracting, Mr. Chairman, emphasize the questions which can properly be raised concerning this practice. It is our belief that services which have been traditionally performed by Federal personnel should continue to be so performed. It is not a case of keeping persons on the Government payroll who could be dispensed with. If service they perform is needed, and it is given to private employees on contract, there will still be as many persons to be paid. If they are paid less, the Government has been a party to wage exploitation.

This issue should be judged not only from the standpoint of possible savings—for they are so often questionable—but in every instance in relation to the human values, standards of quality, and whatever relation it may have with the national defense.

We are appreciative, Mr. Chairman, of the opportunity to acquaint the committee with these facts concerning a matter of vital importance to the Government and its employees.

AUGUST 14, 1961.

Memorandum for Rear Adm. R. E. M. Ward, Department of Navy, Legislative Liaison, Room 4D-760, the Pentagon, Washington, D.C.

The subcommittee is advised that the Navy Department has entered into a contract with the Transport Co. of Texas to support and furnish community needs and other community services for the island of Kwajalein and that this company furnishes services usually supplied by Government and on Government standards—among these are teachers.

The subcommittee requests to be advised of (1) full content of this contract; (2) services being supplied by this contractor for the civilian and military community; (3) the cost of such support, salaries paid, criteria employed in selecting personnel; (4) the supervision given: (a) by the contractor, (b) Department of Navy.

Also, the following information:

Does this contractor establish the curriculum; does it fix salaries; does it determine qualifications; does it provide tenure?

Is the school system maintained at standards set by the U.S. Office of Education and the National Educational Association as to personnel and text?

To whom do the teachers report and who supervises the conduct of the schools, and what are the qualifications of supervisor?

These questions are the minimum to be answered:

With respect to other support services; does the contractor maintain a "company store"?

Does this contractor furnish any other service usually supplied by the Government? If so, what is it?

Who supervises?

What are the salaries and what supplies and equipment are used, if any?

Finally, the same information as sought above relating to other territories or installations, where the community (civilian or military) is serviced by