

ability, but, of course, are paid for by the Government. Under the terms of the contract, such supplies become the property of the Government upon delivery by the vendor.

The salaries paid all personnel are stipulated in exhibit C to the amendment. Where a need arises for a skill not contemplated when the contract was negotiated, salary scales are subject to approval of the contract administrator. These salary scales were originally based on the rates paid by the Atomic Energy Commission to its logistic support contractor at Eniwetok. The rates generally are prevailing U.S. west coast rates.

The estimated cost and fixed fee for the contractor's services during the 15-month current period and beginning July 1, 1960, was as stated in the contract \$13,418,650. Through June 30, 1961, the actual gross costs incurred have been \$14,350,000. These gross costs have been offset by collection from private parties (as was anticipated in establishing the contract amounts) by \$5,791,552. Net charges to the contract through June 30, 1961, therefore, have been \$8,564,448.

The criteria employed in selecting personnel have been established by the contractor. These include—

1. All employees are examined by a doctor for physical capability.
2. Management personnel are subjected to three separate interviews by the following contractor's employment staff:
 - a. Personnel interviewer.
 - b. Supervisor of personnel.
 - c. Manager Pacific operations.
3. All other personnel receive two interviews, one from the personnel interviewer and a second from the supervisor of personnel.

The supervisor of personnel is a highly qualified personnel administrator and all employees are also screened to eliminate moral, mental, and social incompatibility to the maximum extent possible.

The supervision given to contractor's employees comes solely from the contractor. This embraces complete supervisory functions on all aspects of the employees work. The company has published rules and regulations governing employees activities on and off the job because of the nature of the assignment. Employees may be penalized, for example, for unauthorized entry onto adjoining islands as certain of these islands are under the jurisdiction of the Trust Territory of the Pacific and such entry constitutes illegal entry into another political entity.

The supervision given by the Department of the Navy is given to the corporate entity of the contractor and consists of work requirements generated by the military operations on the island. The Navy, for example, establishes the level of maintenance to be attained on the island installations; it transmits to the contractor work requests from other military users of the island; and it approves overall personnel and inventory ceilings on the basis of justifications generated by the contractor. Normal recurring functions are given the contractor on a blanket order basis such as the requirement to operate the public utilities, the housing and messing facilities, the school, etc. Once such an order is given, the Navy interest consists of monitoring the operation to insure satisfactory contract performance. Succinctly stated, the Navy does not supervise. In broad terms the Navy tells the contractor what to do but not how to do it.

With respect to the school, and its management, the following data are furnished:

1. The curriculum of the George Seitz School is established by the school advisory board which consists of two members each from the Navy; the Navy's logistic contractor, the Transport Co. of Texas; the Army and the Army's technical contractor, Western Electric.
2. The maximum salary paid in each job category (teachers included) is established by the Government in exhibit C of the contract between the Bureau of Naval Weapons and the Transport Co. of Texas. The minimum salary and the step increases to the basic salary are recommended by the Transport Co. of Texas and approved by the contract administrator (commanding officer, Pacific Missile Range Facility, Kwajalein).
3. The Transport Co. of Texas prepares and presents detailed job descriptions for each employee. The descriptions are submitted to the commanding officer, Pacific Missile Range Facility, Kwajalein, for review and approval. The commanding officer compares these descriptions against established Department of Defense and Navy standards and approves them. The contractor determines the individual's qualifications or capability to meet the description.