

Mr. ADAIR. My concern is, Are contracts of this type increasing each year, in number and in cost? You have asked for a little more money, of course, for this type of activity.

Mr. FOSTER. I would assume that the numbers would increase slightly. We are also hopeful that the dollar amounts on certain of these could increase in view of the greater knowledge that many of these contractors have obtained. These are not large numbers of contracts. The average size of contract is perhaps \$250,000 to \$300,000.

Outstanding at the moment we might have 12 or 15 contractors. Certainly these contracts last for more than 1 year.

Mr. ADAIR. Is that fairly typical, would you say, 12 or 15 contracts outstanding at any one time?

Mr. FOSTER. Roughly. I can check that.

Mr. ADAIR. I am not asking for specifics.

Mr. FOSTER. That is roughly the order of magnitude.

(The following information has been supplied for the record:)

At the present time, there are 38 contracts on which work is not yet completed.

Mr. ADAIR. You said something that would lead us to believe that you expect to do more of, I think you said in-house research in your own establishment. Will that then decrease the number of such contracts? Or is there to be an increase in the overall amount of research?

Mr. FOSTER. There would be some increase in the overall amount of research. Ordinarily the increase in personnel is the management of the field tests which previously have been under the supervision of an outside contractor. We now find that we know a good deal more really about this part of the business than any outside contractor and, therefore, instead of placing very substantial contracts in that one particular field, we plan to do more than the management activity within our own personnel.

Mr. ADAIR. How closely do you personally, or someone very high in your organization review the costs of these contracts? Are they let on a competitive basis, or on a selective basis?

Mr. FOSTER. About 60 percent of our contract funds are let on a competitive basis in that we send out a request for a proposal to a selected group of contractors, it is published of course in the Commerce bulletin, so that I think 43 percent have been on that kind of a competitive activity, while 17 percent were follow-ons to competitive contracts and, therefore, that makes up the 60 percent.

We will send out perhaps 15 requests for proposals. We sometimes get as many as 85 calls to give the opportunity to other concerns to bid on this.

Mr. ADAIR. Do you find that your contracts are let and relet to a certain rather small group of companies or institutions?

Mr. FOSTER. We have a very broad list of people who both bid on and obtain contracts. The noncompetitive proposals, let me take 6 months, January 1, 1962—no, 2 years, pardon me—January 1, 1962 through December 31, 1964, we have let under the form of competitive proposals \$4,600,000 of contracts. We have had follow-ons to those competitive awards, 17 percent, \$1,900,000. There have been follow-on proposals which went to the original contractor without competition because of the fact that the personnel had been cleared or the sensitive information was such that the need to go out to get a new—