

Mr. TEAGUE. Each one of those contractors have been working for a number of years down there?

Dr. MUELLER. Yes.

Mr. TEAGUE. You know which ones do a good job and which one does a poor job?

Dr. MUELLER. Yes.

Mr. TEAGUE. You ask for a proposal. Some spent \$50,000 on a proposal and some spent \$100,000. The rumors come to us that the companies put all their good people on the proposal. They know unless they have a good proposal they don't get the job. So a poor company spends \$100,000 on its proposal, and sends it in. The good company spends only \$50,000 on its proposal. How does a staff of yours come out with a decision on which company gets the job?

Dr. MUELLER. There is, Mr. Chairman, a very carefully developed set of procedures which are established by NASA regulations for the letting of contracts which we have implemented.

Based on these procedures we establish Source Evaluation Boards comprised of qualified individuals who evaluate those proposals. We are required to compete for these contracts and we comply with the existing regulations.

Mr. TEAGUE. Do you have any evidence that you have achieved greater efficiency and saved money by your enforced consolidation?

In one part of Government we encourage small business and small companies and NASA appears to be emphasizing fewer business firms and bigger companies.

Dr. MUELLER. We do have some experience at the Marshall Space Flight Center where we did accomplish some consolidation with considerable savings.

Mr. TEAGUE. You went to what? From 80-some odd companies down to what?

Mr. LILLY. We had 77 support contracts, Mr. Teague, at Marshall. In January 1965, the value of the 77 contracts was estimated at \$76 million. We consolidated these contracts to 11. The actual cost for the first year of operation, including the award fee, was \$60,298,000. We also reduced the contractor personnel by approximately 882. Based on substantially the same contractor workload, though I couldn't prove it exactly, the savings would appear to have been about \$15,000,000.

Of course, we have not yet completed the consolidation at KSC. Since KSC is still growing, I couldn't give any firm figures of the estimated savings there.

Mr. TEAGUE. You consider the \$15 million a true figure resulting from your consolidation at Marshall?

Mr. LILLY. I consider the consolidation a contributing factor. I think 77 was too large a number of support contracts to really manage efficiently.

Mr. TEAGUE. At Kennedy, you are consolidating your fire department and police department. Yet, so far as I know, in no place in our whole country has any city combined their police and fire department activities.

Dr. MUELLER. Both services are currently provided at KSC by one contractor, TWA.