

Dr. MUELLER. If they fall below it in performance on an existing contract, then we get a new contractor, immediately. That is what we do.

Mr. RUMSFELD. But do you move that line? I take it you haven't.

Dr. MUELLER. No, we have not. The minimum performance that we expect is say 75 percent. I believe that is an average number for performance in all of the categories.

Mr. RUMSFELD. What happens specifically when some contractor falls below it and they get no more contract work? Do the employees from that company go to work for the other companies?

Dr. MUELLER. Actually, we have not had an example of a company that has fallen below the minimum for 2 months consecutively. That is simply because there is a very large incentive for them to stay above. The fees for below minimum performance are very low, and consequently there is a large incentive for them to try to stay up around 95 percent. We haven't been so unfortunate, as I recall, to have a case where the contractor stayed down around the minimum region. There was one company that was there for 1 month. The company changed its management and improved spectacularly.

Mr. RUMSFELD. Thank you.

Mr. TEAGUE. Mr. Roudebush.

Mr. ROUDEBUSH. The thought occurred to me as to what system do we have of encouraging individual contractors for making suggestions on saving money for the Government? In other words, let us assume a hypothetical case, say TWA will come to you at Kennedy and say, "Look, Dr. Mueller, we can save \$50,000 by combining some services." What do we do? Cut their contract by \$50,000 or do we give them some sort of inducement?

Dr. MUELLER. We cut their contract by \$50,000. There is essentially a cost-saving sharing which increases their profit.

Mr. ROUDEBUSH. They would make money by making such a suggestion?

Dr. MUELLER. Yes.

Mr. ROUDEBUSH. When you combined these 77 support contracts, Mr. Lilly, to a much lesser number with a saving of \$15 million, why wasn't someone aggressive enough to make some suggestions? Obviously there was overlapping and duplication of services. Why didn't someone make a suggestion?

Mr. LILLY. When we reduced the number of support contractors at Marshall from 77 to 11, we converted to the incentive contract structure. The physical processes of monitoring these award contracts represents a considerable burden on the Government structure. It was not feasible. We didn't have enough people with the right training to be able to monitor and manage 77 support contractors.

Mr. ROUDEBUSH. Did anybody suggest a combination of services when the reduction of a number of contractors was accomplished? Did anybody turn in any suggestions saying we can do this? Do you follow my line of questions?

Mr. LILLY. Yes.

Mr. ROUDEBUSH. Were any suggestions received which recommended a combination of services?

Dr. MUELLER. I can recall one instance of a contractor at MSC that did suggest a combination of services because he thought it would re-