Mr. TEAGUE. How do you guard against a very large company charging off all kinds of costs in the proposal preparation, as against a small company who can't charge off anything in a proposal?

Dr. MUELLER. In our support contracts and also in our large contracts, but in our support contracts particularly, we normally have a separate cost center which gathers all the costs associated in that center. They are special kinds of things. We don't want to carry the overhead rate of the company as a whole. There are standard accounting practices, and unless the company is willing to spend its profits on this operation, they won't permit them to divert costs to another operation. You can't have a loose division in Government contracting unless it is a fixed price contract and most companies aren't willing to put their profits into this kind of an operation.

Mr. TEAGUE. I have one or two more questions on facilities. Last year this committee authorized $96 million for construction of facilities. NASA had requested something over $101 million. Then the Appropriations Committee reduced this to $83 million. What was the impact of these reductions and were there serious delays as far as this program was concerned?

Dr. MUELLER. I will turn that over to Mr. Lilly.

Mr. LILLY. The total amount requested for the Agency's fiscal year 1967 construction of facilities program was $101.5 million; $95.9 million was authorized by the Congress. The Appropriations Committee reduced this amount to $83 million. As you know, in your Authorization Committee you made certain specific cuts in the fiscal year 1967 Manned Space Flight construction of facilities request. You made two in which you reduced the Lunar Receiving Lab from $9.1 million down to $8.1 million and denied the project at Marshall for the enlargement of the Hazardous Operations Lab. Those were the two specific cuts.

The other cuts from the Appropriations Committee are not specified against any particular project. It is up to the Agency as to how it now rebalances or utilizes the appropriated funds, whether it comes back for a supplemental amount or comes back with the request in the following year. In terms of the fiscal year 1967 construction of facilities history, Manned Space Flight was authorized by your committee approximately $53.8 million for facilities, and ended up with $43.8 million. Now, our criteria in trying to determine which ones would have the least adverse effect on our operations led us essentially to defer facilities which were primarily in the administrative area. We have been able to accomplish each of the facilities that you authorized, except for four at this point. Those four are the warehouse at KSC; the engineering building at MSC; and two other projects: one for rehabilitating and keeping up to date the test facilities at Mississippi and the same type of project for the S–IVB facilities in Sacramento, Calif. We have not found a way to fund these projects. We have not given up on the requirement. We still think they are required. It is costing us more money to operate without the warehouse at KSC. It is a gradual kind of thing and I still have hopes of getting additional warehouse space.

We have taken certain actions to alleviate part of our problem. By converting space in the Vehicle Assembly Building, we have found