

We wanted industrial capability from the company to help support and manage this area. We feel now that the specialization of four or five is adequate to bring this concept to bear.

Mr. GURNEY. One other point now. The initiation of the study of this change of operation, as you say, came from NASA Headquarters in Washington. Then you made a study, and you came up with this idea. The reason for the change of operation, as I understand, was for economy.

Just exactly what economies do you propose to get out of this change in operation? What fewer men are you going to use on your side? How do you think the contractor operations will be improved, either in fewer men or basic cost economies?

Mr. SIEPERT. We do not predict fewer men on either side of this interface in fiscal year 1968. We do not think it is practical to expect a net decrease, because the workload imposed on both the civil service and the contractors during this period of time is greatly in excess of what we estimated in our early planning. This job has a complexity for which we, frankly, did not fully plan, that is, the kind of manpower requirements involved.

In terms of greater efficiency for the men that we have, we look forward confidently to being able to show even better utilization. However, the NASA Headquarters position with respect to the consolidation should not be oversimplified to rest on this point alone. The committee may wish to have in its report the actual statement by headquarters as to why it approved the consolidation support plan.

The Manned Space Flight Office was requested by NASA general management to come up with an overall set of guidelines to implement service support contracts. Their final proposal, which was approved by Dr. Seamans on April 1, 1966, had the following paragraph on the question of consolidation:

The policy of consolidation into a few large service support contracts is based on several basic management principles. In general, it reduces the total of contractor management personnel required for administration, reduces interface problems, allows cross training and cross utilization in some instances, and causes less administrative effort to NASA. These advantages are obtained principally if the tasks are grouped into similar types of work, since wide and diverse tasks under one contract tend to dilute the gains achieved by consolidation. However, the management simplicity warrants consideration of consolidation in any case.

Mr. GURNEY. Actually, your manpower projection, at least for the Center, doesn't reflect that there is going to be any change in numbers, does it? I mean, you have leveled off last year and assigned the method. This is exactly the level you plan to continue for some time, is it not?

Mr. SIEPERT. That is correct. The statement here with respect to less manpower was with respect to administrative manpower to manage the contracts and report the costs and the like for both Government and industry.

There is no discussion here that you would be able to save, really, the end product technical manpower necessary to do the job. In our case, that's where the workload is increasing steadily.

Mr. GURNEY. I don't know whether the plan is good or not. It may be a better operation administratively, but certainly it doesn't seem to indicate economy here as the principal object as was stated in the beginning.