

Mr. LOHSE. It is locked into the union agreements, some of which have 2 or 3 years to run—long-term labor contracts.

Mr. SIEPERT. The best guarantee of working on this situation, really, is the competitive world. This was not true in an earlier period of time. There were once only a few contractors that really knew this aerospace business, and now there is hardly a single piece of business about which you can say any one company really has a technical pre-eminence in the field. The idea of being able to make a sole source justification, in lieu of competitive justification in areas like this, would just be a very difficult thing to establish.

Mr. WINN. Going back to Mr. Gurney's question, basically, the competitive system is possibly how you can arrive at some economies in the program. Do you have any other ideas on where you can arrive at some economies?

Mr. SIEPERT. Yes; we believe so. I would rather not amplify my answer beyond that. The competitive situation, plus the necessity to negotiate with these companies each year as they go along, makes for a clean-cut, preagreed work program; we have to agree on what is the minimum amount of staffing required to do the jobs as we lay them out. We believe that our new contractors will seek to become and remain efficient in an environment of competition.

Mr. WINN. I think you are right to a certain extent, except when you automatically extend the contract like you did in one, two, three, or four cases, if I am reading your chart right. You don't renegotiate by extension, do you?

Mr. SIEPERT. There was a specific negotiation as to what the levels would be for this period of extension. Our only reason for doing that, sir, was to get one contract synchronized with another.

Mr. WINN. I understood that; but I didn't realize you renegotiated.

Mr. SIEPERT. Each period of operation has a specific cost determination.

Mr. SHINKLE. Gentlemen, I would like to begin my portion of the hearings by taking a closer look at the KSC organization chart (figure D-1) and defining the relationship between my office, that of the Apollo program manager, and the KSC line organizations, which were previously discussed.

Generally speaking, this office provides appropriate assignments, guidelines, and resources, so that those charged with the execution of specific aspects of the overall Apollo program move effectively to get the total job done. Specifically, my office translates general and specific program requirements and schedules received from the OMSF Program Director and the other MSF centers into discrete packages, which we forward to line organizations for preparation of detailed plans to meet such requirements.

After we receive, validate, and coordinate such plans of execution as prepared and priced by the line executive, my office then analyzes these plans against total program needs and available resources, taking appropriate action to assure that these are kept in balance. Upon approval and funding, such plans become a directive for execution by the line organization.

In carrying out our mission, we have the inherent responsibility of establishing all program schedules and are specifically concerned with