

little homework of my own and report back to you, but I can't avoid making the temporary conclusions I have made.

I am always subject to change after thinking about them, but I frankly have been shocked by the testimony yesterday and the testimony here today which I just regard as generalities. It is like going to a high school or even a grammar school course in management and procurement practices.

We have been in this thing in depth and this committee is accustomed to talking about specifics, not generalities, and I am just left cold by this presentation. I am sorry, Mr. Chairman.

Chairman PROXMIRE. Congressman Rumsfeld?

VIETNAM CONSTRUCTION CONTRACT FOR \$1.2 BILLION

Representative RUMSFELD. Mr. Secretary, is this contract, the construction contract in Vietnam of \$1.2 billion, under your jurisdiction?

Mr. IGNATIUS. Yes, sir; this is the contract with the joint venture of Raymond, Morrison, Knudsen, Brown and Root, and J. A. Jones—

Representative RUMSFELD. The so-called combine.

Mr. IGNATIUS. The specific responsibility is within the Navy—the Navy Facilities Engineering Command.

Representative RUMSFELD. Right. How you describe the contract? It is a unique contract as I understand it?

Mr. IGNATIUS. Yes. There was a civilian contractor—

Representative RUMSFELD. No, the specific words I am thinking of. Is it a cost-plus incentive fee?

Mr. IGNATIUS. Cost-plus award fee.

COST-PLUS AWARD FEE

Representative RUMSFELD. Cost-plus award fee?

Mr. IGNATIUS. Yes, sir. It was initially a cost-plus fixed fee I believe, where the fee did not vary based on performance, but rather was paid as a percentage of the originally estimated cost, and the Navy thought it would be desirable to change this to an award fee, where the amount of fee varied with the quality of performance and instituted that change a couple of years ago.

Representative RUMSFELD. It is my understanding that under the cost-plus-award-fee contract as it now stands, the award fee in fact includes a percentage of cost as a major portion of determining what the award fee will be.

Mr. IGNATIUS. I am not prepared this morning to respond specifically to the details of the award fee. I am sure the Navy could develop that information. We could provide it for the record, should you desire us to, but the basic change—

Representative RUMSFELD. Have you not been involved with this particular contract? It is the biggest one you have, isn't it?

Mr. IGNATIUS. The administration of the contract is assigned to the Navy, formerly the Bureau of Yards and Docks, now the Facilities Engineering Command.

Representative RUMSFELD. Under your jurisdiction.

Mr. IGNATIUS. Under Secretary Bannerman's overall jurisdiction in the Navy Department, under Rear Admiral Husband's immediate