

Chairman PROXMIRE. I am not talking about competitive procurement. I am talking about negotiated procurement.

Mr. ABERSFELLER. We are talking about the same thing. The Truth in Negotiation provision has an exception where you don't need cost or don't need to get cost and pricing data, if in fact a substantial amount of the material that you are buying is sold commercially.

Chairman PROXMIRE. You match the commercial price.

Mr. ABERSFELLER. The market price determines that the price is reasonable.

Chairman PROXMIRE. When you say substantial, how substantial? How large a proportion?

Mr. ABERSFELLER. The word is no further defined than this in the law.

Chairman PROXMIRE. I am talking about the proportion of your negotiated procurement which does not meet the standards of the Truth in Negotiation Act.

Mr. ABERSFELLER. Does not meet?

Chairman PROXMIRE. You said some of it does not have to because it is commercially procured. What does that amount to, that 17 percent of your procurement which is not advertised?

FEDERAL SUPPLY SCHEDULE CONTRACTS NEGOTIATED

Mr. ABERSFELLER. It really does not apply at all in that particular area. It applies only in that area that we serve other agencies which is not included in this 83-17-percent break. That is the \$1,020 million a year that we contract for under the Federal supply schedules. Of that \$1,020 million, \$820 million is negotiated under multiple award schedules. The largest single item is ADP equipment. Here we face the Truth in Negotiation problem immediately. If, as an example—and again to take the name of the three initialed companies—the equipment they have is sold in substantial quantities, we would accept that fact to exclude the need for any further cost and pricing data from them.

CONTRACT REFUSED TO COMPANY NOT WILLING TO COMPLY WITH REGULATIONS

However, in last year's negotiations it developed that they couldn't support this on two items. They refused to give us cost and price data and we refused to contract with them for it. We adhered very closely to the Truth in Negotiations law, have, in fact, by the example I have given you, refused to enter into a contract with a company who had refused to give us the information.

Chairman PROXMIRE. Do you find this uncommon that they refuse to give it to you?

Mr. ABERSFELLER. Yes; uncommon.

Chairman PROXMIRE. The Truth in Negotiations Act does not impose any difficulties as far as you are concerned?

Mr. ABERSFELLER. No, sir.

Chairman PROXMIRE. You insist—I take it from your last answer—in these cases that in your contracts they specify the accurate, complete, and current costs?

Mr. ABERSFELLER. Yes, sir.