

Agencies. The Assistant Secretary of Defense (Installations and Logistics) is also responsible for control of "New Starts" in accordance with the Circular and for approving any exceptions which are proposed under Section 7. c. (1) of the Circular. Each of the Secretaries of the Military Departments and Directors of Defense Agencies has assigned overall responsibility for this program to his Assistant Secretary (Installations and Logistics) or to an official of equivalent rank. We anticipate no important changes in these organizational arrangements.

In order to proceed systematically with the reviews of existing commercial and industrial activities which are required by the Circular, we have divided them into 53 functional areas. A schedule for completion of the reviews has been established which provides that reviews for 28 of these functional areas should be completed by December 31, 1967. This group includes guard services, packing and crating operations, repair of electrical and miscellaneous equipment and furniture, janitorial services, etc. Other functional areas are scheduled to be completed during the remainder of FY 1968. Reviews are under way for more than 200 installations. The Military Departments and Defense Agencies are now accelerating the rate at which reviews are being conducted. We have made no changes in the schedule for completion of the reviews but we plan to reexamine this phase of the program soon when the Navy's inventory is completed.

A substantial amount of our effort since the Circular was issued has been devoted to resolution of long-standing issues involving specific commercial and industrial activities in which various elements of industry and the Congress have expressed interest. These have included administrative telephone systems and other communications facilities, production of liquid oxygen, operation of tracking ships for the space program, loading and unloading of ships at military installations and a wide variety of contract technical services involving not only the provisions of Circular No. A-76, but also the Civil Service laws and regulations. We are also cooperating with task forces assigned from the General Accounting Office to study the Circular as it is being applied in the Department of Defense, and with staff of the Bureau of the Budget who are studying various proposed amendments to the Circular. We anticipate that these types of specific problems will continue to constitute a significant part of our work in this area.

#### NAVAL ACADEMY DAIRY

Question. What is the status of the Naval Academy Dairy?

Answer. Last fall, Chairman Rivers and the House Armed Services Committee approved a subcommittee report recommending retention and Chairman Dawson of the House Government Operations Committee requested a current cost analysis and raised a number of questions about the Naval Academy Dairy. Chairman Dawson also asked the Navy to defer action on the proposed closure until after his Committee had had an opportunity to hold hearings and make a report to the 90th Congress. Thereafter, it was agreed that no significant actions leading toward closure would be taken until the Department had had an opportunity to evaluate the report to be submitted by the Government Operations Committee as well as all other factors bearing on the continued operation of the Dairy. The situation remains the same today.

(The letter of Chairman Proxmire to Administrator Knott of the General Services Administration follows:)

CONGRESS OF THE UNITED STATES,  
JOINT ECONOMIC COMMITTEE,  
May 23, 1967.

HON. LAWSON B. KNOTT, JR.,  
Administrator, General Services Administration,  
Washington, D.C.

DEAR MR. KNOTT: At the conclusion of the hearings of the Subcommittee on Economy in Government of the Joint Economic Committee on May 16, 1967, permission was granted to the members to submit additional questions to the witnesses so the answers might be placed in the official printed hearings.

The following questions have been directed to your agency. May we have the answers for the record by May 31, 1967.

Sincerely,

WILLIAM PROXMIRE, *Chairman.*