

[Index No. 16—B-133394, June 9, 1967]

POTENTIAL SAVINGS AVAILABLE THROUGH USE OF CIVIL SERVICE
RATHER THAN CONTRACTOR-FURNISHED EMPLOYEES FOR CERTAIN
SUPPORT SERVICES, NATIONAL AERONAUTICS AND SPACE
ADMINISTRATION

In a report to the Congress, issued in June 1967, we stated that our review of the relative costs of using civil service personnel or contractor-furnished personnel to perform engineering and related technical support services at the National Aeronautics and Space Administration's Goddard and Marshall Space Flight Centers showed that estimated annual savings of as much as \$5.3 million could be achieved with respect to nine contracts we reviewed, on which annual support service costs of about \$31 million were incurred, if these services were to be performed by civil service employees.

We pointed out that the indicated savings were attributable, for the most part, to the elimination of many contractor supervisory and administrative personnel, which would result from a conversion to civil service staffing and the elimination of the fees paid to the contractors.

We expressed the view that the Space Administration's policies relating to the use of support service contracts were not sufficiently clear as to the consideration which should have been accorded to relative costs in determining whether contractor-furnished or civil service personnel should be used. In this regard, we were advised that the Space Administration, while believing that contracting for the services involved had been in the best interests of the Government, recognized the need for more specific guidance on cost considerations than had been provided and that such guidance would be part of any redefinition of policy resulting from a current review of agency experience in the use of support service contracts.

Because the action to fully correct the situation discussed in our report would require a significant change in the Space Administration's policy relating to the use of support service contracts and because of the potential effect that a significant change may have on its civil service personnel requirements, we stated that the Congress may wish to consider the policy aspects of this matter in further detail with agency officials.

In addition, we pointed out that the Congress may also wish to explore with the Space Administration the impact that cost considerations should have in determining whether to use contractor or civil service personnel in those cases where either contractor or civil service personnel could equally carry out the operation.

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NEED FOR COMPLIANCE WITH THE TRUTH-IN-NEGOTIATIONS
ACT OF 1962 IN AWARD OF CONSTRUCTION CONTRACTS, DEPARTMENT
OF DEFENSE

The General Accounting Office has made an examination into the practices of the construction agencies of the Department of Defense in the negotiation of military construction contracts and modifications