to be in the national interest to provide directly the products and services it uses.

The circular has been modified to clarify the fact that the 10-percent cost differential in favor of private enterprise is not intended to be a fixed figure. The differential may be more or less than 10 percent, depending upon the circumstances in each individual case.

The revision did not incorporate the recommendation of the General Accounting Office that a separate section or a separate circular set forth specific criteria for application of the policy in the support service contract area, which is a very important area.

We feel that such policy guidance is needed. Our position is supported by what we have found in our reviews of support service contracts which I will discuss shortly. The Bureau of the Budget has stated that it intends to give special attention to the adequacies of the guidelines contained in the circular in this regard.

The revision further did not incorporate the recommendation of several Government officials that State and local taxes should be shown in cost comparison as costs of Government products and services. This likewise is a matter of growing importance because of the increase in State and local taxes.

DEPARTMENT OF DEFENSE INSTRUCTION NO. 4100.33

The Defense Department is currently revising its DOD Instruction No. 4100.33, which governs military operation of commercial or industrial activities, to reflect the changes in the circular and other provisions desired by the Department.

Our work in support services contracts in the Department of Defense and the National Aeronautics and Space Administration indicates that it is often less costly if services are performed by civil service employees than by contract employees. The indicated savings are attributable, for the most part, to the elimination of many contractor supervisory and administrative personnel and the elimination of the fees paid to the contractor. For example, our review of 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 the contracts we reviewed if these services were performed by civil service employees.

SERVICE CONTRACTS AT MARSHALL AND GODDARD SPACE FLIGHT CENTERS

Representative GRIFFITHS. Mr. Staats, who reviews these services at the Space Administration's Goddard and Marshall Space Flight Centers?

Who reviews this?

Mr. STAATS. Who reviewed? The review was done by our staff, Mrs. Griffiths.

Representative GRIFFITHS. I mean you say that the reviews were done by civil service employees, that you can save $5.3 million. Who did review them?

Mr. STAATS. No; if the services had been performed by civil service employees.