contractor performed in response to task orders which were placed against the contract during this period.

Representative GRIFFITHS. Thank you.

Chairman PROXMIRE. Go right ahead.

NASA DISAGREES WITH GAO

Mr. STAATS. Although recognizing that we gave consideration to factors other than cost—such as the rapid buildup of NASA's program in the early years—in presenting our conclusions, the Associate Administrator for Organization and Management, NASA, stated that, in the situations discussed in our report, such factors supported the Space Administration's decisions that contracting for the services involved had been in the best interests of the Government.

In other words, they disagree with our conclusions.

We believe that, in contrast to its past rate of growth, the Space Administration has now achieved a relative degree of stability and should be able to better consider relative costs in assessing the extent to which it should continue to rely on the use of support service contracts. In this regard the Associate Administrator advised us that the Space Administration recognized the need for more specific guidance on cost considerations 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.

Although NASA had planned to increase its expenditures for support service contracts in fiscal year 1968, as I have indicated, we have been advised by the agency that final decisions in this area have had to be deferred pending the outcome of its appropriation bill. Also NASA has been studying the entire support service area over the last several months and the results of this study, according to the agency, may well affect its future plans.

We have recently received a copy of the October 1967, "Opinion of the General Counsel of the Civil Service Commission," regarding the legality of selected contracts at Goddard Space Flight Center, National Aeronautics and Space Administration. It seems evident that this document will be of significant value to agencies in ascertaining the propriety of technical support, or similar service contracts. (Copy in committee files.)

I might add, Mr. Chairman, here, that this matter was referred to the Civil Service Commission by the General Accounting Office as a result of the question that we raised in the course of our review on the cost of doing the support service work at Goddard by contract as against in-house performance, so that the matter was raised with the Civil Service Commission as a result of our review.

As such matters come to our attention during audit activities, we will continue to consult with representatives of the Commission regarding technical support service and similar contracts which appear questionable in the light of the standards set forth in the Opinion.

As I have advised the Chairman of the Civil Service Commission by letter, cases coming to our attention in the future as a result of our work in the contract area will be referred if they appear questionable from a legal standpoint.

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