

affirmative way in the actions which I have summarized in my testimony in terms of trying to deal with the problems, and I think the fundamental point that we would make, even though there may be some disagreement on details and specifics, is the fact that 86 percent of our procurement is in the negotiated area, and the fact that the total of our Defense expenditures have grown so rapidly—

Chairman PROXMIRE. Right.

Mr. STAATS (continuing). Which means that we should not leave any stone unturned with respect to being sure that we have the kind of information that we need in the negotiation of these contracts.

Chairman PROXMIRE. So, No. 1, it will take 6 months at best, probably, before we can get action; and No. 2—

Mr. BAILEY. If I may interrupt here and clarify a bit, I am advised by my colleagues that this particular procurement circular went to the printer 2 weeks ago.

Chairman PROXMIRE. Oh, good.

Mr. BAILEY. And it should be issued very shortly.

Chairman PROXMIRE. Well, that is great news. I am delighted to have that correction. It is most helpful. What has been the DOD record on enforcing their regulations? What can we expect here?

Mr. STAATS. We have no reason to believe the regulations will not be effective, and in this case, if they go through with the training program that they have outlined—

Chairman PROXMIRE. You told us about, incidentally, I thought, in the presentation, it was interesting and helpful, but it suggested (a) they have a film, and then (b) they send out information, but I didn't see any effort to put the procurement officials through a training program, courses, examinations, and so forth.

DOD TRAINING SEMINAR

Mr. STAATS. Here is an outline of the training seminar on certified costs or pricing data, Public Law 87-653, which is dated September, and which has been used in their training program. The film itself is designed to serve as a training purpose. We have the script and we have seen the film.

Chairman PROXMIRE. Do you think that this is sufficient, in your judgment, to provide the kind of competence that is necessary?

Mr. STAATS. We can't be sure that it is, Mr. Chairman, but we feel that the actions which have been taken to date, if they are carried through, should be extremely helpful in meeting the problems which we have identified.

Now, the area which has been most controversial between the Defense Department and ourselves, has to do with the feasibility of documentation of the cost data supplied by the contractors, and whether it is desirable or necessary in fact to supply all of the data which we have indicated in order to be in compliance with the law.

CONTRACTORS' OBLIGATION TO FURNISH DATA

The obligation, as you well know, in the law was placed on the contractor to supply this information. We do not feel it is adequate