

erated by the base have been discontinued and the functions transferred to Headquarters, U.S. Army Strategic Communications Command, recently relocated to Fort Huachuca. This consolidation resulted in the elimination of 14 commercial or industrial activities and saved 636 personnel which were either transferred to other work or separated from the payrolls.

2. The curtailment of "in-house" manufacturing activities at Springfield Armory has permitted a reduction in the personnel strength of 636 persons.

3. The janitorial services at Dugway Proving Ground were transferred from "in-house" to contract.

4. The Defense Supply Agency has further curtailed the "in-house" production of packing boxes and crates during 1967. Initial increments were previously reported. Now 73 percent of such work (\$5.9 million) is obtained from commercial sources. In 1966 commercial sources provided 67 percent of these requirements.

5. At the Defense Personnel Support Center at Philadelphia, Pennsylvania, the "in-house" janitorial force has been curtailed through greater use of contractor effort.

6. Expansion of a large Government-owned telephone system at McClellan Air Force Base, California was requested by the Air Force but was not approved. The system has been turned over to a common carrier. A similar decision has been made with respect to a very large telephone system at Redstone Arsenal.

7. The Defense Supply Agency requested approval of plans to expand the clothing manufacturing activity at the Defense Personnel Support Center, Philadelphia, Pennsylvania so as to be able to meet the need for odd sizes and small lots of military clothing. This request was approved.

8. The Air Force proposes to use civil service personnel to accomplish janitorial work now contracted at Keesler Air Force Base, Mississippi. This case is still under consideration and has not been approved.

9. The Army requested approval for activation of two troop laundries, one at Fort Rucker, Alabama and one at McClellan, Alabama. They have not been approved. The Army was asked to explore further the possibility of relying upon commercial laundries.

10. Air Force requested approval for the conversion of the telephone exchange at Los Angeles Air Force Station from contractor to operation by Airmen in order to maintain proficiency of the Airmen while serving in the States between overseas assignments. This request was approved.

We have also been engaged in a program to convert certain contract positions for technical personnel to Federal employment and we consider this effort to be related to our implementation of circular No. A-76. We had used technical contract personnel in an irregular manner with respect to the civil service regulations and laws. In addition to the legal questions posed by the Civil Service Commission and the Comptroller General, we discovered that these practices resulted in higher costs in some instances than would be incurred under an in-house arrangement. We initiated a program for conversion of 10,471 of these positions into the civil service. The Army and the Air Force have completed their portions of this task. We estimate that the Navy will complete its portion by about March 31, 1968.

Mr. Chairman, this concludes our progress report to you. We will now be pleased to answer your questions.

Chairman PROXMIRE. Thank you, Secretary Morris. You have done a very persuasive and comprehensive job. My questions, I anticipate, will be critical in view of what happened yesterday, but I am sure you will be expecting that. It does not mean we do not understand the difficulties under which you operate, and the enormous problem you have in this very, very massive procurement responsibility that you have.

TRUTH IN NEGOTIATIONS ACT

I would like to ask you first about the Truth in Negotiations Act. Following the testimony last May about the lack of documentation