

MILITARY PEOPLE IN SERVICE AND PROCUREMENT AREAS

Mr. CURTIS. I would appreciate, for the record, what reason there might be—and there could be good reason—why you think you need military personnel in the service contract area, and in the procurement area.

Mr. MORRIS. Be very glad to give you this, sir.

Mr. CURTIS. And then, also, what are the ratios. You have, say, 25,000 in procurement; about how many would be military, would you say?

Mr. MORRIS. Let us furnish that for the record.

Mr. CURTIS. And, also, in the service contract; you have some there, too?

Mr. MORRIS. Fine, sir.

(The information furnished for the record follows:)

In the Procurement area the ratio military to civilian is approximately 3.5%. In the Contract Administration area staffing runs approximately 23,000 in Defense Contract Administration Services and 17,000 in the Services, or a total of 40,000. The ratio military to civilian is approximately 3%.

Military personnel are rotated from *operating billets* to procurement and contract administration assignments and bring to these positions the experience of the "field operations". To put it differently, the military "front line" experiences with end products or the end of the line in logistics support, can, when rotated back to the procurement or administration job, aid in improving the contracting for and administration of contracts.

PRICE REDETERMINATION

Mr. CURTIS. Now, I get to the thing I am most concerned about. The relationship between the three services. Maybe I can zero in on the question I have asked before.

In your redetermination clauses, price redetermination, as I understand it your procurement group is the one that does this—not the service group or the audit. Am I right?

Mr. MORRIS. This is a negotiator's responsibility, I believe.

Mr. MALLOY. That is correct. We do not have many redetermination type contracts these days. But, if we were to take a type of contract we do use such as an incentive contract, the actual negotiation of the final pricing is done by the procuring contracting officer. However, he has had all of the support that he needs from both the Contract Audit Agency reports and the reports of the contract administration people in the field. These are support to him.

Mr. CURTIS. Well, this is what I am looking to see—to the extent—I know that is the ideal, or I would hope it is the ideal, and you are stating it reassures me of that.

I do have a concern as to how well it works, because it seems to me, whether you call it incentive contracts—it is the same thing—you are in effect looking over again what your price was. And the contract service officers seem to me to be the ones most knowledgeable in determining what the new price should be, what the incentive should be, as opposed to your original negotiators.

I can see why your original negotiators should be in it. But I would think it would almost be a team rather than a coordination—where