

Mr. STAATS. I don't really know what consideration went into the establishment of the 25-percent rule.

Chairman PROXMIRE. They don't even have to request approval to use Government-owned industrial plant equipment as long as they use it less than 25 percent of the time? Why shouldn't they be required to have some kind of approval? It can be routine, but there should be some kind of approval.

Mr. STAATS. It is a question of local approval versus approval by the Office of Emergency Planning. There is a procedure requiring local approval even in cases under 25 percent.

Mr. HAMMOND. Even under 25 percent they get the local approval and are required to pay rent for the commercial use.

Chairman PROXMIRE. Wasn't your conclusion that in some cases even with more than 25-percent use they may not have been required to pay rent?

Mr. STAATS. No; it was to get approval.

Chairman PROXMIRE. Wait a minute. How about on the rent part.

Mr. BAILEY. In some cases there was some rent, yes.

Mr. WEITZEL. Later in the statement we point out that the rent is inconsistent and in some cases inequitable.

Chairman PROXMIRE. In some cases nonexistent?

Mr. WEITZEL. The rent is not paid on a machine-by-machine basis. It is not computed that way now. We have some recommendations to that effect.

Mr. Hammond, would you care to comment?

Chairman PROXMIRE. The contractor keeps the records, too.

Mr. HAMMOND. In some cases the contractors did use the equipment without getting the approval and paying the rent. We have recommended a machine-by-machine utilization record so that the Government will know when the equipment is used and will collect the necessary rent.

ASPR NOT PRECISE AS TO "25 PERCENT USE"

Mr. STAATS. The further point we are making is that the armed services procurement regulation does not precisely define what constitutes "25-percent, non-Government use." It is not clear whether the criteria refers to total planned use or a portion of manufacturing hours available under one or more work shifts, or if it is to be administered on a total plant or an item-by-item basis. That is the point which has just been made.

Insofar as we can determine, the approval obtained from the Office of Emergency Planning places no restriction on the extent to which a contractor may use the facilities on commercial work provided rental payments are made.

LACK OF UNIFORMITY IN RENTAL RATES

Although uniform rates for the rental of Government-owned machines to contractors have been prescribed, as currently stated in Defense Mobilization Order 8555.1 of the Office of Emergency Planning and section 7-702.12 of the Armed Services Procurement Regulation, we found that the various bases upon which the rent payments were negotiated resulted in a lack of uniformity in the rates actually