

APPENDIX 8

STATEMENT OF NATIONAL AEROSPACE ASSOCIATION ON CIVIL SERVICE COMMISSION OPINION

NATIONAL AEROSPACE SERVICE ASSOCIATION,
Washington, D.C., November 28, 1967.

HON. WILLIAM PROXMIRE,
Chairman, Subcommittee on Economy in Government,
The Joint Economic Committee,
Washington, D.C.

DEAR SENATOR PROXMIRE: National AeroSpace Services Association (NASSA) will appreciate inclusion of the attached information in the record of your current hearings.

This provides the position of this industry on the recent Civil Service Commission General Counsel opinion to which Mr. Staats referred in his testimony yesterday.

With kindest regards, I am,
Sincerely,

HARRY S. BAER, *Executive Director.*

PRIVATE INDUSTRY THREATENED BY CIVIL SERVICE OPINION

NASSA NEWS RELEASE NO. 67-10, NOVEMBER 15, 1967

A Civil Service Commission (CSC) legal opinion could have serious impact on private industry's role in performing services under contract for the government, National AeroSpace Services Association (NASSA) warned today.

The opinion itself, authored by CSC General Counsel Leo M. Pellerzi, is not industry's primary concern, NASSA noted, but there is apprehension about how it will be interpreted and implemented. Although it applies mainly to a select few service contracts of National Aeronautics and Space Administration (NASA), its vast comprehensiveness and detail "read like a blueprint for a socialistic state," one NASSA member company president stated.

A 25-year-old national trade association of companies engaged in aerospace services, both commercially and under government contract, NASSA has just completed a survey among its 37 member companies to obtain industry reaction to the Pellerzi Opinion. Strong feelings expressed emphasize that Pellerzi's views present "a highly biased impression that all service contractors are guys in black hats," as one NASSA member who heads a small business doing aircraft maintenance for the Air Force put it.

Recent articles on the Pellerzi Opinion substantiate such concern as some writers failed to limit their coverage to the legal issues concerning the NASA contracts in question. This is due to some extent to the manner in which the Pellerzi material is presented. For example, a Washington newspaper columnist wrote the opinion "is intended to apply, also to all similar contracts throughout government" and predicted that "up to 250,000 employees" would be added to the federal payroll "as replacements for (more costly) contractor personnel." Such statements, NASSA contends, are not based on fact.

Although directed at the Space Agency, the CSC ruling "leaves too much room for interpretation that could force service-type functions in house on a broad basis," another members commented. He feels Pellerzi "dwells on many insignificant factors" in his justification of when a service contract is illegal without providing standards to measure the magnitude of their relative importance. This gives the opinion "vast imbalance," he added.

This contention and NASSA's position gained support from the General Accounting Office (GAO). Although Comptroller General Elmer B. Staats concurs