

with the Pellerzi Opinion, GAO is cautious not to overstep boundaries on the primary issue—CSC's charge that the Space Agency contracts are "illegal." In his letter of November 1 to CSC Chairman John W. Macy, Jr., Staats stated GAO concurrence is based on a 1965 legal decision that certain technical support services contracts are "illegal" because, in essence, the contracts supplied people in a function not unlike that of a personnel agency. NASSA members have not been disturbed by this decision as their most valuable contribution under a service contract is their management role—the key to economy and efficiency achievable under the contract concept. The government buys management in its contracts with NASSA member companies.

The Comptrollers General's letter makes an effort to clarify "considerable misunderstanding among government agencies" which has resulted from "a number of generalizations" contained in Pellerzi's paper. GAO legal authorities advised NASSA. (NASSA was the only industry group to contact GAO before completion of Staats' letter of concurrence.) GAO will continue to view "contractor control and supervision" as the main element which determines that a service contract is beyond the purview of the illegality ruling; therefore, not in jeopardy of termination and conversion.

Because the CSC document can be read two ways, it poses peril to industry. Without additional balancing comment, it will "stimulate conversion of contracts to an in-house basis irregardless of the basic illegality issue," says a component overhaul contractor, "and it will deter future contract awards. It is bound to raise doubt about service contracting across the board in the minds of many procurement officials with whom we deal. The in-house route is likely to get the nod, despite higher cost, because the Pellerzi Opinion has created such an imbalance which, taken out of legal context, provides the strongest of endorsement that services should be done almost exclusively by government workers. I am gravely concerned of its potential broad application and our industry will need substantial protection to survive the pressures of the strong groups who will overplay and misinterpret not only the Pellerzi ruling but also the Staats letter to suit their objective of advancing government's tremendous growth—ironically, at a time when both the Executive and Legislative Branches are under pressure to reduce government personnel and cut costs."

A vice president of a NASSA member company engaged in aircraft maintenance under contract for the Army expressed concern for the nation's economy were contract services transferred en masse to government employees with "resultant loss of tax money from free enterprise activities."

The president of one of the country's largest aircraft engine overhaul companies doing business both under government contract and commercially for airlines and industry mentioned private enterprise's role "to help develop under-developed areas throughout the country and train not only the unemployed but the under-employed." He further commented that "the law which has brought on the illegality issue" should be challenged judicially if it is not serving the best interests of the country, which seems to be the case. We can offer proof that industry does the job better, quicker, and cheaper."

NATIONAL AEROSPACE SERVICES ASSOCIATION

MEMBER COMPANIES

Aero Corp., Lake City, Florida.
 Aero Maintenance Radio, Inc., Miami Springs, Florida.
 Aerodex, Inc., Miami, Florida.
 Air Carrier Engine Service, Inc., Miami, Florida.
 Air International, Miami, Florida.
 Aircraft Plating, Inc., Miami, Florida.
 Aircraft Turbine Service, Inc., Westbury, (L.I.), New York.
 Airponents, Inc., Lawrence, (L.I.), New York.
 Airtech Service, Inc., Miami, Florida.
 Central American Airways, Louisville, Kentucky.
 Consolidated American Services, Inc., Los Angeles, California.
 Dallas Airmotive, Inc., Dallas, Texas.
 Dynallectron Corp., Washington, D.C.
 Fairchild Hiller Aircraft Service Div., St. Augustine, Florida.