

APPENDIX 12
SPECIAL QUESTIONS AND ANSWERS

DECEMBER 12, 1967.

HON. ELMER B. STAATS,
Comptroller General of the United States,
Washington, D.C.

DEAR MR. STAATS: At hearings of the Subcommittee on Economy in Government on December 8, 1967, members were granted permission to submit additional questions to witnesses with the replies thereto to be included in the record of the hearings.

This question has been referred to you:

"GAO stated that contractors are required by OEP regulation to obtain advance approval to use Government-owned machine tools on commercial work exceeding 25% of the total usage.

"Does this apply to equipment purchased from DOD and other funds *besides Defense Production Act funds*?

"In either case, what approvals and denials were made by the OEP to what companies, for what amount of equipment?"

Your reply will be appreciated as soon as possible but not later than December 21, 1967.

Sincerely,

WILLIAM PROXMIRE, *Chairman.*

COMPTROLLER GENERAL OF THE UNITED STATES,
Washington, D.C., December 21, 1967.

B-140389.

HON. WILLIAM PROXMIRE,
Chairman, Joint Economic Committee,
Congress of the United States.

DEAR MR. CHAIRMAN: Reference is made to your letter of December 12, 1967, asking us to reply to the two questions raised by members of your Subcommittee on Economy in Government concerning the requirement established by the Office of Emergency Planning that contractors "obtain advance approval to use Government-owned machine tools on commercial work exceeding 25 percent of the total usage." You specifically asked if this requirement applies to equipment purchased with Department of Defense funds and other funds besides Defense Production Act funds.

On the basis of a review of Defense Mobilization Order 8555.1, issued by the Office of Emergency Planning on November 13, 1963, and discussions with officials of the Office of Emergency Planning and the Department of Defense, we have determined that the requirement for advance approval is not restricted to equipment purchased from Defense Production Act funds. The Order is applicable to 18 classes of metal-working machines and machine tools owned by those Federal departments and agencies having production equipment emergency preparedness functions assigned by Executive Orders.

You also requested information concerning the extent to which requests were made to the Office of Emergency Planning for the use of Government-owned industrial plant equipment, the amount of equipment involved, and the actions taken by that Office.

Data furnished us by the Office of Emergency Planning during our review indicate that a total of five lease requests had been submitted to that Office during the period January 1, 1965 to November 21, 1966. A brief discussion on each of these lease requests follows.