

bly as much again this year. So we have decentralized a great deal of this activity to our regional offices. We hope that we can maintain a staff there that will in time, when the time is right, be able to expand the program of construction again, that we can be in a position to proceed with the program. But we are reducing our central office staff substantially.

Mr. BROOKS. Do you know the basic reasons why some of the agencies would rather try to build things themselves?

Mr. KNOTT. Their argument is that they are special purpose in nature. Even the Post Office Department, of course, has undertaken a program of constructing major mail-handling facilities. These are essentially mechanized operations around which they wrap a four-wall structure.

They feel that the basic ingredient is the mail-handling facility itself that is the product of their research and engineering work internally, and therefore the building becomes a secondary factor, and that the two ought to be coordinated together within the same agency. But, at the same time, we are including postal facilities in buildings that we have under construction right now where the two requirements are not separated.

Mr. BROOKS. I have one other question. Do you recall the current discussions about architects and engineers? Have you had any problem operating under the basis which you have been operating under for many years in selecting architects and engineers, and getting good ones, getting them at what you thought were reasonable and fair prices to the Government?

Mr. KNOTT. I believe, Mr. Chairman, that we are getting better architects today than at any time since I have been connected with the program, and that we are getting better support from the architectural profession than at any time within my experience in GSA, which spans some 12 years.

There are a few occasions on which architects, after negotiations, walk away from the negotiating table and indicate they have no further interest. This will occur perhaps one time out of 10—and that is simply a guess—hardly that, perhaps. It may be too high.

But by and large they are prepared to accept the fee rate that we offer and we are continuing to work, by and large, on a curve basis that we have worked on. Where the fee exceeds \$100,000, we get into a parallel of the truth in negotiations statute that applies to the Department of Defense but which we have elected to apply to GSA, in that we use certified cost and pricing data and may ask for an examination of their past data where there is a difference of opinion on what the fee ought to be. This has been very helpful in reaching a realistic fee.

Mr. BROOKS. I want to thank you for being here.

Do you have any questions, Mr. Thompson?

Mr. THOMPSON. Yes, Mr. Chairman, I do.

Mr. Knott, I note on page 2 of your statement, in your first paragraph you state that:

In 1963 we devoted 152.4 man-years to the disposal of the surplus real property costing \$360 million, with revenues totaling \$77.8 million, whereas in 1968 only 109.8 man-years were devoted to this effort, producing revenues totaling \$80 million from surplus real property, representing an original investment of \$400 million.