

a. The Federal pay reform legislation enacted in 1962 and subsequent legislation has considerably improved the Government's competitive position in attracting top flight personnel into public service.

b. A number of agencies, e.g., DOD, AEC, Post Office, HEW, have strengthened their internal management arrangements for research and development particularly by giving key officials agency-wide responsibilities for such activities.

c. Agencies reported to the Bureau they have used the guidelines stated in the Bell Report regarding the inherent advantages of various R&D performers when selecting organizations to perform agency tasks.

d. Conflict of interest questions discussed in the report have been dealt with by conflict of interest legislation, Presidential memoranda and agency regulations with appropriate enforcement measures.

e. The Bell Report urged the improvement of Government specifications for R&D tasks through better feasibility studies and other means. The principal agencies involved, DOD, AEC and NASA, have taken a number of steps to obtain needed improvements. For example, DOD developed its concept of a "Program Definition Phase" with AEC and NASA following a similar pattern. All agencies report increasing the use of their own laboratory capabilities in developing improved specifications.

f. Most agencies, particularly DOD and NASA have taken steps to improve their R&D contracting through promoting greater competition for contracts and emphasizing the use of fixed price and incentive contracts in an effort to overcome some of the deficiencies of cost-plus-fixed-fee contracting cited in the Bell Report.

g. There has been major activity in the agencies in the complex area of improved contract administration. The principal agencies, DOD, AEC and NASA, have revamped their procedures covering the full spectrum of administration—contractor source selection, project control and monitoring, reporting systems and contractor performance evaluation. The agencies also have refined the PERT system as an aid in planning and controlling the three major variables in large systems development programs—time, cost, and technical performance.

h. Extensive work has been undertaken throughout the Government to improve Federal relations with universities. OST has taken leadership in this area in collaboration with the Bureau of the Budget, NSF and HEW. In particular, the work of the Federal Council's Committee on **Academic Science and Engineering** should be noted. Recently, the requirement for time and effort reporting for university professorial staff and other working on Government sponsored research has been eliminated. In 1966 the Bureau of the Budget issued its own report on "The Administration of Government Supported Research at Universities" in an effort to bring improvements to the complex area of agency administration which so vitally affects **university programs**.

i. The steps which agencies have and are taking to upgrade in-house laboratories are well known to the Committee. Testimony offered by DOD, NASA and other representatives have provided the specific details. The recommendations of the Bell Report dealing with the basic problems of Federal laboratories gave additional stimulus to efforts which were already underway, particularly in DOD which has the bulk of the Government's own research capabilities.

j. The Bell Report also proposed improvements in the technical information exchange system. Leadership in developing these improvements has come from OST with the extensive efforts of the Committee on Scientific and Technical Information (COSATI) of the Federal Council for Science and Technology. COSATI has a sizeable agenda of problems on which it is now working with broad participation of agency personnel.

Further implementation of the Bell Report recommendations continues. One additional area in which BOB has been involved is the complex problem of contractor compensation. Some reliance has been placed on incentive contracting to insure reasonableness of compensation. In addition, efforts are underway to improve agency policies and procedures, to secure personnel competent to review compensation and to provide more reliable data on prevailing rates of compensation.

Question 8. As the lead agency in the development of principles for Federal organization and management, what is the Bureau's view on organizational location of Federal laboratory directors in relation to the agency head? How can the number of administrative layers that exist in some agencies between the laboratory director and the agency head be reconciled with the director's need for flexibility, discretion, and quick response in the direction of his laboratory?