

ministrator, Federal Aviation Agency, and they concur in general with our findings and conclusions.

ROBERT S. McNAMARA,
Secretary of Defense.

JAMES E. WEBB,
Administrator, National Aeronautics and Space Administration.

JOHN W. MACY, Jr.
Chairman, Civil Service Commission.

Dr. GLENN T. SEABORG,
Chairman, Atomic Energy Commission.

Dr. ALAN T. WATERMAN,
Director, National Science Foundation.

JEROME B. WIESNER,
Special Assistant to the President for Science and Technology.

DAVID E. BELL,
Director, Bureau of the Budget.

FOREWORD

This report has been prepared in response to the President's letter of July 31, 1961, to the Director of the Bureau of the Budget, asking for a review of the use of Government contracts with private institutions and enterprises to obtain scientific and technical work needed for public purposes.

Such contracts have been used extensively since the end of World War II to provide for the operation and management of research and development facilities and programs, for analytical studies and advisory services, and for technical supervision of complex systems, as well as for the conduct of research and development projects.

As the President noted in his letter, there is a consensus that the use of contracts is appropriate in many cases. At the same time, a number of important issues have been raised, including the appropriate extent of reliance on contractors, the comparative salaries paid by contractors and the Government, the effect of extensive contracting on the Government's own research and development capabilities, and the extent to which contracts may have been used to avoid limitations which exist on direct Federal operations.

Accordingly, the President asked that the review focus on:

- criteria that should be used in determining whether to perform a function through a contractor or through direct Federal operations;
- actions needed to increase the Government's ability to review contractor operations and to perform scientific and technical work; and
- policies which should be followed by the Government in obtaining maximum efficiency from contractor operations and in reviewing contractor performance and costs (including standards for salaries, fees, and other items).

The President requested the following officials to participate in the study: The Secretary of Defense, the Chairman of the Atomic Energy Commission, the Chairman of the Civil Service Commission, the Administrator of the National Aeronautics and Space Administration, and the Special Assistant to the President for Science and