

Technology. The Director of the National Science Foundation was also invited to participate.

In making the review requested by the President, a great deal of material was available from hearings and reports of the Senate and House Committees on Appropriations, Armed Services, Judiciary, and Government Operations, the House Committees on Post Office and Civil Service and on Science and Astronautics, the second Hoover Commission, and various governmental and private studies. In addition, information was obtained:

- by questionnaires to which ten Federal agencies and seventy-one Government field installations, universities, and contract establishments responded; and
- by interviews conducted at twenty-eight Government field installations and non-Federal establishments, and with a number of agency headquarters officials.

These data were obtained and analyzed with respect to major policy implications by an indepartmental staff group which included representatives of each of the officials whom the President asked to participate in the review.

This report presents a summary analysis and recommendations growing out of this review. It is organized in four parts:

1. Statement of major issues
2. Considerations in deciding whether to contract out research and development work
3. Proposals for improving policies and practices applying to research and development contracting
4. Proposals for improving the Government's ability to carry out research and development work directly.

In addition, there are attached to the report the following annexes intended to present additional supporting information:¹

1. Letter from the President to the Director of the Budget of July 31, 1961
2. Summary information concerning respondents to Bureau of the Budget questionnaire and organizations interviewed
3. Special analysis on Federal research and development programs, reprinted from the Federal Budget for fiscal year 1963
4. Summary information concerning the distribution of national research and development funds, activities, and personnel
5. Summary of information obtained regarding salaries and related benefits and turnover of personnel
6. Annotated bibliography on Federal contracting-out of research and development.

PART 1

STATEMENT OF MAJOR ISSUES

Policy questions relating to Government contracting for research and development* must be considered in the perspective of the phe-

¹ Annexes 2 through 6 referred to are omitted from this reprint.

*Note on terminology: The term "research and development" is used in this report in the sense in which it is used in the Federal Budget—that is, it means the conduct of activities intended to obtain new knowledge or to apply existing knowledge to new uses. The Department of Defense uses the term "research, development, test, and evaluation," which is a somewhat fuller but more cumbersome term for the same concept. In this report the shorter term is used for convenience. For a summary of all Federal activities of this type, see Annex 3, "Federal Research and Development Programs," reprinted from *The Budget of the United States Government for Fiscal Year 1963*.