

whether the public interest would best be served by the use of contractor or direct Government operations.

The review should focus on the following matters: (1) the effect of the use of contractors on direct Federal operations, the Federal personnel system, and the Government's own capabilities, including the capability to review contractor operations and carry on scientific and technical work in areas where the contract device has not been used, and policies and actions needed to increase the Government's capabilities in these respects; (2) the policies, if any, that the Government should follow in controlling the salaries and fringe benefits of personnel working under a contract, and the appointment, management and dismissal of such personnel; (3) the criteria to be used in determining whether to perform a service or function through a contractor or through direct Federal operations, including any special considerations to be given to the nature of the contractor and his relationship to production contractors; (4) the policies which should apply in selecting contractors, including the organization of institutions for the sole purpose of entering into contracts with the Government; (5) the means for reviewing and supervising contractor operations, and for achieving maximum efficiency in such operations; and (6) the policies which should apply with respect to contractor fees and cost reimbursement practices on items such as overhead, facilities and equipment, and advertising.

The results of the review should be available not later than December 1.

Sincerely,

JOHN F. KENNEDY.