THE AIR FORCE AND CONTRACT MANAGEMENT

1961-1965

by

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FOREWORD

The Air Force and Contract Management, 1961-1965 deals with the impact of a study project initiated by the Office of the Secretary of Defense to improve the management of Department of Defense contracts. It briefly describes the Air Force's contract management organization and general approach to performing the function, the recommendations emerging from the study, and the decision by OSD to centralize contract management within a new Defense agency. USAF organizational changes that followed--including transfer of thousands of USAF contract management personnel and some 38,000 contracts to the new agency--are discussed. The Air Force's post-reorganization responsibilities for management of contracts for major weapon systems, and other support functions, are also examined.

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THE AIR FORCE AND CONTRACT MANAGEMENT, 1961-1965

The major task of Air Force contract management is to insure that industry fulfills its contractual commitments and provides quality weapons, supplies, and equipment on schedule to meet national defense requirements. For most of the period since World War II,* this task was performed by USAF's central procurement agency, the Air Materiel Command (AMC). The Air Research and Development Command (ARDC), however, beginning in May 1951 was assigned some of these management responsibilities, primarily for research and development contracts.[1]

An Air Staff office, which by late in 1957 had emerged as the Contract Administration Branch+ in the Directorate of Procurement and Production Engineering and operated under the general direction of the Office of the Secretary of the Air Force (OSAF), provided policy guidance to the field. It was responsible for exercising staff surveillance in the area of contract pricing, costs and financing, control of government property, property disposal, quality control, and contract termination and settlement. It also coordinated with the Office of the Secretary of Defense (OSD) and the Army and Navy in formulating defense policy in the contract management area.[2]

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*For background on contract administration during World War II and earlier, see Irving Brinton Holley, Jr., Buying Aircraft: Materiel Procurement for the Army Air Forces, in U.S. ARMY IN WORLD WAR II (OCMH, 1964).

+Currently the Contract Management Division, Directorate of Procurement Policy, Headquarters USAF.

The Air Force concept of contract administration was based on employing teams of "mission oriented" experts, such as staff procurement personnel, price analysts, quality control specialists, engineers, auditors, and staff judge advocates. These people, working under an administrative contracting officer, were responsible for insuring that contract performance was as written and intended and that the government's interest was protected.

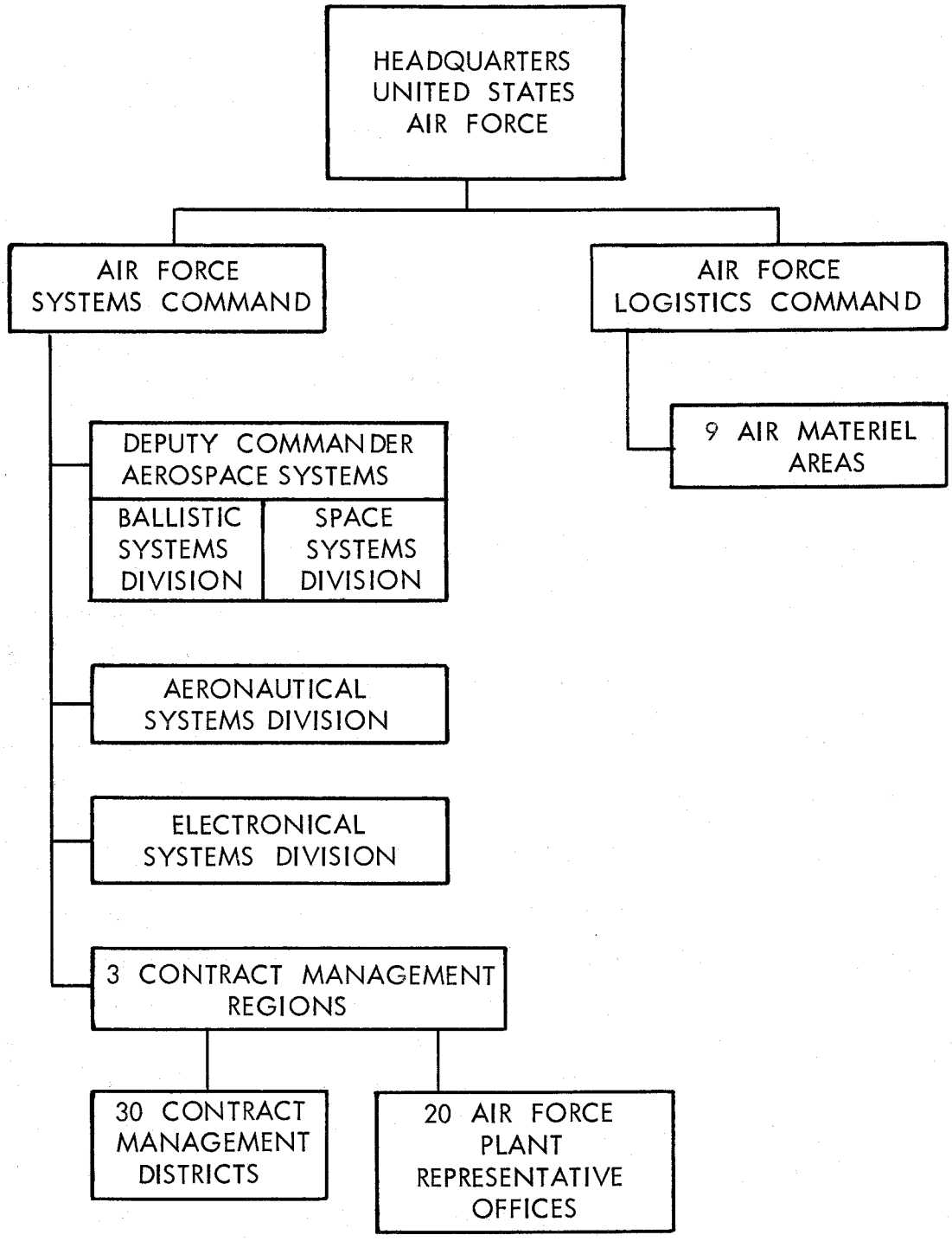
Early in its history the Air Force had assigned contract management responsibilities to AMC and its Air Materiel Areas (AMA's). In 1953, when the AMC procurement function was decentralized, the contract management responsibilities of the AMA's were increased. However, by 1959 certain weaknesses and inefficiencies in the AMA's performance became apparent. Subsequently after considerable study and planning, AMC on 1 July 1960 established three new organizations--designated contract management regions (CMR's)--at the same level with the AMA's to report directly to the AMC commander. They included the Eastern CMR at Olmsted AFB, Pa., the Central CMR at Wright-Patterson AFB, Ohio, and the Western CMR at Mira Loma AFS, Calif. Each had technical surveillance and staff responsibilities for all contracts in their geographical areas. Operating under these regions were 21 USAF contract management districts, their 30 sub-offices designated as contract management offices, and, in certain instances, Air Force plant representative offices located in contractor plants. When it became necessary to provide personnel at remote areas to monitor final contractor testing of aircraft and missiles, AMC test site offices were created to insure that the systems met Air Force specifications.[3]

In the spring of 1961 a major USAF reorganization led to the transfer of virtually all of AMC's contract management functions to the newly created Air Force Systems Command (AFSC). Along with this transfer went control over AMC's three regions.[4] Gen. Bernard A. Schriever, AFSC commander, on 1 July 1961 assumed full authority and responsibility as single manager for Air Force system acquisition. AMC's contract management organization--the regions, districts, plant representative offices, etc., with their more than 10,000 personnel became an element of AFSC. As of 1 July 1962, AFSC field contract management personnel totaled 12,007, and they administered prime contracts with a face value of approximately $54.8 billion. Air Materiel Command, reorganized as the Air Force Logistics Command (AFLC), retained certain contract responsibilities in support of operational systems plus procurement and inventory support of nonaeronautical equipment and items.[5]

The Search for Improved Contract Management

With the advent of the Kennedy administration in January 1961, the entire subject of defense procurement came under rigorous study by OSD. The new Secretary of Defense, Robert S. McNamara, was especially determined to reduce the cost of weapon system acquisition and to eliminate duplication in the purchase of supplies and equipment. As a major step toward creating a more efficient logistic system, on 1 October 1961 he established the Defense Supply Agency (DSA). Its mission was to provide central integrated management over the procurement and handling of supplies common to all the services.[6]

AIR FORCE ORGANIZATION FOR PROCUREMENT AND CONTRACT MANAGEMENT



(AS OF 1 JULY 1962)

Project 60

In February 1962, at the request of Thomas D. Morris, Assistant Secretary of Defense, Installations and Logistics (I&L), a "procurement management improvement" conference was held at Williamsburg, Va. More than 200 Defense procurement officials attended, as well as representatives of the National Aeronautics and Space Administration (NASA), the Atomic Energy Commission (AEC), the Small Business Administration (SBA), and the General Services Administration (GSA). Although the conferees were essentially concerned with procurement in general, more than half of their final recommendations were concerned with improved contract management and administration.

The analysis of these recommendations under Operation Follow-Through,* as directed by Deputy Secretary of Defense Roswell F. Gilpatric, in turn led to the establishment of Project 60. On 9 July OSD formed a policy guidance committee and a project advisory group. Members of the Policy Guidance Committee included Mr. Morris, Chairman; John H. Rubel, Deputy Director, Defense Research and Engineering; Dr. Daniel Borth, Deputy Assistant Secretary of Defense, Accounting and Audit; Paul R. Ignatius, Assistant Secretary of the Army, (I&L); Kenneth E. BeLieu, Assistant Secretary of the Navy, (I&L); Joseph S. Imirie, Assistant Secretary of the Air Force (Materiel); Lt.Gen. A. T. McNamara, Director, DSA; and Mr. Albert F. Siepert, Director of Administration, NASA. Members of the Project Advisory Group were Maj.Gen. W. T. Thurman, head of the USAF Directorate of Procurement Management,

*On 24 May 1962 Mr. Morris established a steering committee under the chairmanship of Robert D. Lyons, Director for Procurement Management, OSD, I&L, to conduct Follow-Through.

Chairman; Maj. Gen. J. A. Richardson III, USA; Rear Adm. H. J. Goldberg, USN; Rear Adm. C. A. Blick, DSA; and Mr. E. W. Brackett, NASA.

On 3 August the Policy Guidance Committee and the Project Advisory Group held their first joint meeting and formally organized Project 60. They designated Col. Donald E. Sowle, chief of the Air Staff's Procurement Policy Division as director of the project, adopted a study plan,* and organized a task force to examine 13 functional areas of contract management. Members of the task force included 84 government specialists drawn primarily from contract management operating organizations and represented each military service, DSA, and NASA. The space agency's participation was formalized in September 1962 through an exchange of letters between Secretary McNamara and James E. Webb, NASA Administrator.[7]

The basic task assigned to the Project 60 task force was to "propose a plan for establishing uniform field contract management covering all contract management functions such as quality control, review of subcontracting practices, property administration, industrial security review, price proposal reviews, etc." The task force's main guidelines were to "determine how, not how well, the contract management was being performed" and to assure that "integrity of weapon system technical direction and technical control by program managers was maintained." Five basic objectives were listed: (1) improve management of contracts in the field, (2) provide more accurate and timely support to buying activities and program managers by government field

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*The "study Plan" included a description of Project 60 and spelled out in details the project's objectives and guidelines. The plan also indicated the resources which would be required for completion of the project. (Appendix B, Volume IV, SOD Project 60, June 1963.)

representatives, (3) minimize duplication of effort, (4) decrease operating costs, and (5) reduce government controls over industry.

Because of the complexity and magnitude of the procurement task and the differing contract management methods applied by the various organizations, the task force decided that a first requirement of Project 60 was adoption of a basic philosophy. To that end, the task force defined contract management as a "functional area distinguished from those functions usually accomplished by the buying center of program office prior to the award of a contract." Next came the need to define the scope of "contract management." The task force agreed that contract management best described "all those actions accomplished in the field for the benefit of the government which are necessary to the performance of a contract or in support of a buying organization." Such activities differed from "procurement management" which was primarily concerned with the negotiation and awarding of a contract.[8]

Project 60 Task Force Findings

After nearly a year of exhaustive study and some 350 visits to 171 different activities of the Army, Navy, Air Force, DSA, and NASA, the task force completed a four-volume report in June 1963. Its major conclusion was that virtually all aspects of contract management were inadequate and should be improved. Contract management performance, the task force found, had not kept pace with the demands created by increasing weapon system complexity and new types of incentive contracts. Coordinated OSD policy direction and tools for enforcement were lacking.

A shortage of appropriately qualified people existed in contract management activities in both management and specialized skills.

Many of the government procurement organizations and program managers contacted by the task force doubted the capability of the field contract management units to provide accurate and timely support. This was evidenced by the increasing tendency to establish specialized vertical organizations* whenever important new programs were undertaken. The task force recognized that "when the complexity of systems-oriented programs is such that effective contract management requires deep involvement in the contractor's management process, there is no question of the benefits to be derived from the vertical management technique." However, the task force pointed out, "there are a number of factors which militate against the widespread use of the vertical concept." Some of these factors were the cost and the difficulty of applying vertical techniques below the prime contract or associate contract level. In addition, when program managers took unilateral and uncoordinated action to organize vertically, it was difficult to establish a consistent government position with a contractor.[9]

Duplication existed both geographically and functionally in contract management performance and reporting among the military services, DSA, and NASA. This adversely affected government-industry relations. The task force said there was little justification for the prevalent duplication in such

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*The Air Force and OSD had introduced the vertical organization techniques in the mid-1950's when the urgency of requirements in the ballistic missile field and the need for more effective coordination and rapid decision-making were considered so critical that special agencies were created to accelerate development, production, and deployment of several new weapon systems.

functional areas as quality assurance, production, property administration, property disposal, administrative services, industrial manpower, small business, and security. The effectiveness of the plant cognizance program had diminished to the point where the program needed to be completely overhauled to curb multiple government representation in contractor plants.

Unnecessary government and industry expenditures of resources were attributed by the task force to the variety of methods employed in the administration of contracts. In this connection, although Project 60 guidelines included the specification that it would determine "how, not how well, contract management was being performed," the task force could not avoid making certain comparisons among the services. These were of especial interest to the Air Force since they pointed out its generally superior contract administration organization, which historically had always been much more strongly centralized at the highest level than either the Army or the Navy, while its field activities were delegated authority and responsibility to perform their mission.[10]

To effect economies and eliminate duplication and overlap, the task force recommended the establishment of a defense contract management agency (DCMA) reporting directly to the Secretary of Defense. It also suggested the immediate development of uniform contract management policies and procedures and of a contract management review capability at the OSD level to provide a qualitative measure of the effectiveness of contract management. The task force also recommended that a "contract audit agency be organized with consistent functional authority

and responsibility to support contract management activities" and that a "centralized industrial personnel security clearance program be established." [11]

In its report, the task force presented four alternate proposals to its recommended solution of establishing a DCMA. One of these called essentially for a continuation of existing arrangements, with the exception that OSD contract management policy guidance and control would be strengthened, a strong plant cognizance program established, and a contract management review capability created in the office of the Assistant Secretary of Defense, Installations and Logistics.

The task force's second alternate proposal was to assign the defense contract management mission to one of the military services or DSA. The basic difference between this alternative and the recommendation that a DCMA be established was that the single contract management organization would become an integral part of the designated service or agency. The service or agency assigned the contract management job would acquire the Defense Department personnel and facilities of the activities being integrated into the new organization.

The third alternative offered by the task force varied from the basic solution that it had recommended in that the "mission coverage of the DCMA would be limited to area or geographic type offices. Most major plants would be controlled by the individual services." Under this arrangement, the task force estimated that between 50 and 60 plants would continue to be service-controlled but that all others would be

assigned to geographical offices of the DCMA.

The fourth proposal entailed the assignment of a restricted DCMA mission to one of the military departments or to DSA. The only difference between this alternative and the third was that the mission of the geographical contract management offices would be assigned to one of the military services or DSA instead of being consolidated into an agency reporting to OSD. It also involved development of a strong OSD-sponsored plant cognizance program. The task force concluded that while each of the above alternate proposals had merits, at best they offered only partial solutions to the overall contract management problem.[12]

Policy Committee Recommendations

Based on the task force's findings and recommendations, the Project 60 Policy Committee on 28 August 1963 forwarded a report on "Contract Administration Services" to OSD along with its recommendations. Eight of the nine committee members endorsed the report in principle. The exception was Assistant Secretary of the Air Force Imirie, who felt he could not assess the feasibility and desirability of certain proposals until the report had been fully analyzed by the Air Force.[13]

In its report, the committee restated what had long been obvious--that there was extensive overlap and duplication on both a geographical and plant basis among the contract management offices of the services,

DSA, and NASA. The varying organizational arrangements, said the committee, "breed inflexibility, impair close audit and coordination, and tend to negate effective cross-servicing. The existing multiplicity of organizations has created a competitive environment that encourages field personnel to move from one agency to another." Moreover, the several different organization patterns caused inconsistencies and inefficiencies in the performance of contract support functions.

The committee cited numerous examples of widespread ineffectiveness in organization. For instance, it found that six or more offices were performing contract administration in several metropolitan areas. In 115 plants over which it had cognizance, the Navy had 2,197 fulltime personnel performing contract administration but government personnel from other services and agencies totaled 2,363. The committee identified 82 offices in some 30 cities which were considered well-suited to consolidation. Duplicated within these offices were such activities as finance and accounting, industrial manpower, industrial security, office services, and personnel administration.[14]

Based on these findings, the committee recommended in an orderly and progressive three-step approach the "establishment of a consolidated contract administration organization to provide common services to all elements of the Department of Defense and NASA." Step I would be directed toward improvements within the framework of the existing organizations.

In this phase, the service and DSA structures and methods would be continued, with a strengthening of OSD policy guidance and control. The plant cognizance program would be improved. Only one service would be assigned cognizance in a particular plant. Assignments would include "total" cognizance, with responsiveness to all customers a mandatory requirement. The contract administration services provisions of the Armed Services Procurement Regulations would be strengthened, and consideration would be given to possible consolidations in handling industrial security, property disposal, and small business matters.[15]

Step II would follow and involve the establishment of the jointly staffed Defense Contract Administration Services (DCAS) unit. Under the new headquarters, the functions performed by the services' contract management offices would be consolidated on a regional or geographic basis. This would include all support functions performed as a service to purchasing or program/project offices by government representatives located in or near contractor facilities. These services included quality assurance, production surveillance, industrial security, pre-award surveys, on the spot analysis of cost proposals, and many other similar functions. Most of the major prime contractors' plants producing weapon system hardware would continue under the parent service. A high level council would be constituted to set policy, and a contract administration services committee, with representation from the services, DSA, and NASA, would develop regulations and

procedures and provide liaison between the new agency and the parent activities.

Finally, Step III would follow. As defined by the policy committee, Step III would represent "a natural evolution in the improvement of the field administration of contracts." Its implementation, however, would not be undertaken "until responsiveness was demonstrated in Step II." In other words, following a shakedown period, the new agency established under Step II would absorb during Step III the contract administration functions in all the plants of the major contractors for weapon systems, which had been continued under the services. The Project 60 Policy Committee, in listing advantages and disadvantages of assigning centrally managed functions to one of the services, a new agency, or DSA, indicated it might properly become a responsibility of the last.[16]

Air Force Opposition

On 29 August 1963 Secretary McNamara forwarded the policy committee report to the military departments, DSA, and NASA and asked for recommendations. In its reply on 4 October, the Air Force disagreed with the proposed centralization as suggested by the report. Based on an analysis of the task force report by a special USAF review group, the Air Force recommended that "contract management was and should remain an integral part of the overall procurement cycle." Explaining its reasoning, the Air Force cited its current practices, some of its old problems, and lessons learned through experience:[17]

> Administration Contracting Officers (ACO's) derive their authority directly from the contracts that are assigned to them. The assignment of a contract to a given Plant Representative or District is made by the Procuring Contracting Officer (PCO). The ACO is the counterpart of the PCO at the scene where the contract is to be performed and is responsible directly to him. The ideal situation would be for the ACO to report directly to the PCO. However, since the Administration Contracting Officer may be administering contracts for a number of Procuring Contracting Officers located at different procuring centers, such an arrangement is not satisfactory. The Contract Management Group must report to only one Headquarters and over the years, within the Air Force, we have tried a number of organizational structures in an attempt to find the best solution. In seeking a resolution, one of the points that has been established is that mission oriented people do a better job than those that are oriented toward the contract administration function, as such.

The Air Force argued that "maintenance of the weapon system acquisition concept" and "responsiveness" to the program manager or buying activity would be jeopardized by the creation of a centralized organization. It contended that "field administrators are, in reality, an arm of the buying office" of the weapon system program manager, who had the responsibility for delivering a weapon system to a mission-oriented activity. Consolidation of field activities would decrease the weapon system program managers' responsibilities since they could no longer be held accountable for all the support actions required for final delivery of a system to the organization they served.

The Air Force admitted that there was overlap, duplication, and waste in the organizational arrangements for field contract administration. However, it said most of these problems and inconsistencies

could be substantially minimized or virtually eliminated without resorting to the establishment of a new agency. This could be done by implementing the initial step as recommended by the task force, by developing a clearer "plant cognizance" program, and making other changes which would still preserve the traditional relationships between the military departments and OSD.[18]

Views of Other Agencies

In early October OSD also received the comments and recommendations of the Army, Navy, DSA, and NASA. The last two agencies declared their complete support of the committee recommendations and implementing plans. DSA was particularly enthusiastic and, in discussing the advantages its organization offered as a potential assignee for management of contract administration services, reported that it had already developed "internal plans...to strengthen and enlarge the contract management coverage currently exercised by DSA's Procurement Support Offices."[19]

The Army concurred in the Step I proposals to improve operations "within the framework of the present organization," but reserved judgment on the feasibility of Step II--namely, establishment of a centralized contract administration services agency. It recommended that prior to creation of any new coordination agency, the Department of Defense conduct a pilot test in one of the contract administration regions. If such an agency as that recommended by Step II were created, the Army said that it opposed placing it under either DSA or any of the military

departments. The Navy, while agreeable to creation of a "Step II agency" reporting directly to OSD, felt that if both Step I and Step II were implemented, it would be unnecessary to proceed with a more radical application of the latter--that is, the Step III transfer to the new organization of an estimated 70 or 80 major plants holding prime service contracts for weapon programs.[20]

The Joint Chiefs of Staff (JCS) on 5 October 1963 forwarded its views to OSD. Like the Air Force, the Joint Chiefs opposed creation of a defense contract administration service organization because such an action would "make more tenuous the essential link between operational functions and logistic support activities, thus weakening the responsiveness of such support activities to operational needs." The Joint Chiefs said that "the military services must continue to perform their assigned roles of developing, procuring, and maintaining weapon systems that will provide the combat capability for which each service is separately charged."

The Joint Chiefs remarked that strengthened OSD policy guidance as contemplated by Step I should provide significant improvement by establishing uniform field contract management policy. Further centralization of defense functions by expansion of an existing agency or establishment of a new agency, the Joint Chiefs stated, "should not be resorted to unless and until the Step I concept had been fully implemented and the resultant improvements determined to be inadequate." In this event, the Joint Chiefs recommended that the problem be restudied in the light of the circumstances which would then exist.[21]

Pilot Test Project

After reviewing the various comments received on the Project 60 policy committee report, on 11 October Secretary McNamara directed a service test of the centralized agency concept in one geographical area, as suggested by the Army. He appointed Brig Gen Allen T. Stanwix-Hay, USA, as Test Director. The Philadelphia pilot test, as it became known, involved the physical consolidation of some 2,000 personnel from the military departments and DSA organizational elements operating in Delaware, Maryland, Pennsylvania, Virginia, West Virginia, and the District of Columbia.[22]

In late 1963 McNamara also authorized hiring an outside firm, the Logistics Management Institute (LMI), to assist in the Philadelphia area's imminent consolidation and to develop criteria for evaluating the operational results and potential savings. Subsequently, as plans for the Philadelphia pilot test got under way,* Air Force officials became concerned about the manner in which they were being developed. On 31 January 1964 General Schriever and Gen. Mark E. Bradley, AFLC, expressed their apprehension to the Secretary of the Air Force. They said that "as presently formulated, the Philadelphia Test would not allow sufficient time to develop or test revised or new policies and procedures and . . . would likely be completed before many of them could be published or even understood by the personnel in the test environment."

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*The consolidated organization became operational in a "testing" capacity on 20 April 1964. As an entity of the Defense Supply Agency, the Philadelphia Region was operational 1 September 1964.

Noting that the military departments had set "startling records in the delivery of new weapon systems in the last few years," Schriever and Bradley declared that "this could not have been done with an outmoded and non-responsive contract management system . . . ." They reiterated their concern over the Philadelphia pilot test, the rush to implement it, and particularly the impression that had been created "that the establishment of a Defense Contract Administration Services agency was an absolute 'must' that took precedence over all other considerations."[23]

Schriever and Bradley insisted that "responsiveness to systems and support managers is the most important element of field contract management." They stated that while the Project 60 task force had "recognized the essentiality of responsiveness and claimed that a DCMA would be more responsive to the military departments than the military departments were to themselves," the task force "had failed to prove its case." In fact, some of the task force recommendations, Schriever and Bradley said, tended to prove that a DCMA would be considerably less responsive than the military departments. For example, the task force suggestion that a priority system for contract management services be established, "indicated an anticipated lack of ability to provide timely and accurate support to all customers as requested." Another task force recommendation that system support managers be permitted to place personnel in the DCMA field contract management offices--to insure that the DCMA be responsive to their needs--had a similar implication.

As a consequence, Schriever and Bradley argued that many of the task force recommendations, "while appearing to make sense from a contract management viewpoint, in practice, would actually impair the overall effectiveness of the military departments." They believed that if the task force recommendations were fully implemented, perhaps it could be said that "the Department of Defense had an ideal contract management system" but doubted that it would be possible to say at the time that the military departments "were doing an ideal job of acquiring systems and support."

Secretary Zuckert responded to the Schriever-Bradley appeal by authorizing them to discuss the task force recommendations with Secretary Morris. At a meeting held in early February, Mr. Morris sought to reassure the USAF officials and reported that he did not intend to include major plants in the proposed consolidation.[24]

Centralized Contract Management

Establishment of Defense Contract Administration Services

Meanwhile, as work proceeded on the Philadelphia pilot test, the Logistics Management Institute recommended to OSD that it begin planning consolidations in the 12 other regions identified in the Project 60 task force report.* Institute spokesmen pointed out that advance planning would save many months of valuable time should a decision later be reached to proceed with the overall consolidation.[25]

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*The tentative organization of 13 geographic regions (including that of Philadelphia) by November 1964 had been reduced to a total of 11 regions.

After considering the Institute's recommendations, the findings which emerged from the planning of the Philadelphia pilot test and the views of the Defense Materiel Council,* Secretary McNamara on 25 March 1964 directed that the concept of centrally managed contract administration services be implemented nationwide.[26] His decision however, did not include a determination of the organizational structure for national level management of the consolidated field offices. The latter decision was postponed pending assessment of the various solutions available by a working group established by Secretary McNamara. Under the chairmanship of Mr. Solis Horwitz, OSD's Director for Organizational and Management Planning, this group included four other OSD representatives, the Director of DSA, and the Assistant Secretaries (I&L) of the Army, Navy, and Air Force.[27]

As a result of the group's recommendations, on 4 June 1964 Secretary McNamara informed the military departments that the Defense Supply Agency would assume national level management of the consolidated contract administration services.[28] On the same date, he instructed the Director of DSA to execute the overall consolidation. Pending completion of a revised plant cognizance program, no changes were to be made in existing assignments to the military departments.[29]

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*Designated as such in October 1963. Formerly, the Defense Supply Council.

In mid-June 1964 OSD named Maj. Gen. William W. Veal, USAF Auditor General, to head DSA's future Contract Administration Services (CAS). Veal obtained the services of about 225 personnel from the military departments to develop an overall consolidation plan. In November General Veal submitted the plan to OSD, and Secretary McNamara approved it in January 1965. The plan called for consolidating 165 offices and more than 20,000 personnel into a nationwide network of 11 regional headquarters backed by 23 district offices, 66 area/plant offices, and one industrial security office.* All field units were to be integrated by June 1966.+

Commenting on the expected benefits from the consolidation, McNamara told a Senate committee that he estimated that contractor administrative costs would be reduced by $60 million annually, which would, in time, be reflected in lower DOD procurement costs. An immediate savings of $19 million would be realized from the elimination of 1,835 government personnel spaces as the separate contract administration offices in 29 cities were consolidated.[30]

The New USAF Contract Management Division

After being notified of McNamara's decision that the Defense Contract Administration Services (DCAS) organization would be established as part of DSA, the Secretary of the Air Force directed AFSC to reorganize its contract management structure since the command

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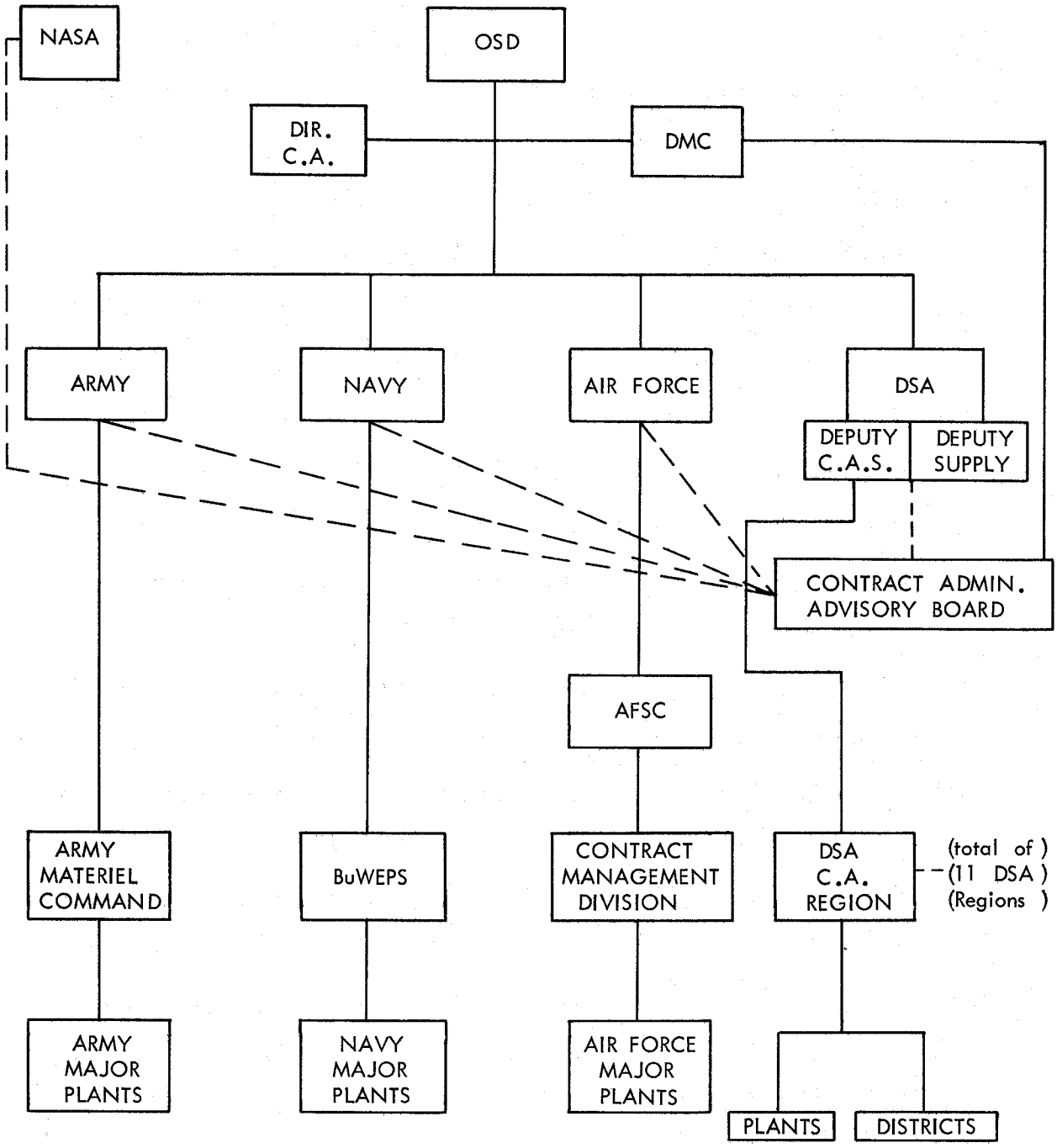
*See page 31.

+The consolidation was actually completed in December 1965.

CONTRACT ADMINISTRATION POSTURE AFTER COMPLETION OF OSD DIRECTED REORGANIZATION



would retain major responsibilities over important industrial plants. On 15 July 1964 General Schriever took steps to establish a new contract management organization. It was to be ready to take up its assignment as existing AFSC contract management regions and districts were phased out and certain personnel and functions previously assigned to those offices were transferred to the DCAS.[31]

However, there was a deliberate delay in creating the new division since its organization depended on actions over which the Air Force had little control. For instance, the personnel resources initially projected and identified by AFSC either for retention (4,811 people) or for transfer (5,563) to DSA were based on certain assumptions. One assumption was that AFSC would be assigned cognizance over 48 plants and be allowed, among other things, to retain development engineering personnel currently assigned to its contract management district offices. Transfer of the engineers to DSA was opposed by both the Army and Air Force. In the latter's case, these technicians--originally drawn from the weapon system program offices of AFSC's four systems divisions (Aeronautical, Ballistics, Electronics, and Space)--were considered as direct representatives of AFSC system program managers. In December 1964, however, OSD refused to allow the services to retain the civilian portion of these scarce personnel--which in the case of the Air Force amounted to about 100 employees.[32]

While it was already determined that the military personnel would be assigned to the Defense Supply Agency on a permanent change

of station (PCS) basis and returned to the Air Force after completion of a normal tour of duty, the status of the civilian personnel affected by the alignment was more troublesome. Some 95 percent of the Air Force's total manpower loss was civilian, many of whom were long established in their communities and faced the prospect of dislocation.

General Veal recognized the importance of the personnel problem. "You can't pull together 20,000 people," he said, "without some personal disturbance no matter how hard you try to avoid it. And we've got not only a total reduction in work force but a change in skills."* He said, however, that each civilian employee would be offered a position at his current level and that the reduction in force would be first sought through attrition.[33]

Besides the painful personnel problem facing the Air Force Systems Command, the planning of its new division had to be concurrent with a previously-directed physical relocation of its most important plant management activity which also created more difficulties.

Its Western Contract Management Region had the greatest experience in Air Force plant operations and it was expected

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*The assignment of surplus personnel to vacancies secured through attrition would occasionally entail a change in skills and involve a certain amount of retraining. In addition, to assure that a standard way of administering contracts be followed, the consolidation of mission-oriented personnel used to service technicalities would necessitate a minimum degree of reorientation.

that the majority of personnel assigned there would remain with the Air Force and provide most of the manpower for AFSC's new organization. In August 1964 the WCMR's headquarters was moved from its original location at Mira Loma Air Force Station to the AFSC's Arbor Vitae complex in Inglewood, Calif. However, because of the current reorganization, the majority of the personnel involved in this change of location continued to make their homes in the vicinity of Mira Loma AFS, some 70 miles from Inglewood, and during the week either lived in Inglewood or commuted daily. Both practices, obviously, served as additional irritants to the unsatisfactory personnel situation.[34]

Plant Cognizance Assignments

The national plant cognizance program was studied by the Department of Defense throughout most of 1964. Finally, in October, OSD issued a new directive* which stated in effect that DSA's new component was "the basic DOD organization for contract administration services" and that "cognizance of all plants would be assumed by the appropriate DCAS regions, except in those plants specifically assigned to a military department by the ASD (I&L)." Although such factors as the dollar value of contracts performed in a contractor's plant and the military department facilities investment in that plant were important, the directive specified that for a service to qualify for military cognizance:

> . . . the system, which is the basis for assignment, must be of such critical military importance to the nation that the performance of contract administration services requires unusually close technical direction and control

*Department of Defense Instruction 4105.59, 13 October 1964.

> by the appropriate program manager; and that performance of these functions by other than the program manager would affect the successful completion of the system and its timely delivery to its ultimate user.

Significantly, the directive also stated that in order to reduce government controls over industry, contract administration services in a given plant would be performed by a single DOD component and that the head of that organization would be the sole DOD contract administration service representative with the contractor. In other words, where in the past contract administration personnel handled only contracts for their own service, they would now perform the full range of contract administration services for all DOD contracts being performed in plants to which they would be assigned.

In early December, the military departments were informed by OSD of their respective plant cognizance assignments.* The Army was allocated 10 plants, the Navy, 18, and the Air Force, 25 of the 48 plants for which AFSC had originally requested cognizance. A total of 52 plants and facilities were considered as not meeting the qualifications for assignment to a military department. Performance of contract administration services within these plants was assigned to the DCAS of the Defense Supply Agency.[35] Some three months before, on 15 September 1964, an Air Force Logistics Command's request to begin administering its depot maintenance

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*For a listing, see Tables 1-5 in the Appendix.

contracts--an AFSC responsibility to be assumed by the DCAS--was turned down by OSD which also rejected AFLC's plan to develop a small-dollar contract management capability of its own.[36]

Although it appeared at the end of 1964 that OSD's decisions were final, they were modified in 1965. In early April, Mr. Robert H. Charles, Assistant Secretary of the Air Force (I&L), expressed concern to the Assistant Secretary of Defense (I&L) over the decision to transfer to the Defense Contract Administration Services the administration of aircraft IRAN (Inspect and Repair as Necessary) and aircraft engine maintenance contracts. Charles stated that the nature of this overhaul work was extremely critical from both a materiel and safety standpoint and that the Air Force had developed a logistic concept around the premise that these contractor facilities constituted a natural extension of AFLC's in-house depot capability. Consistent with this, Charles explained:

> . . . the Air Force supply system, maintenance philosophy, inspection and acceptance standards, test flight procedures and administrative practices have been tailored to fit this approach. From the standpoint of contract administration, the end result of this had been the creation of a working "team" to the end of insuring an effective administrative process at each facility.

In short, the Assistant Secretary concluded, "the technical and maintenance functions performed by contractors have necessarily become almost inseparable from related AFLC-Air Materiel Area (AMA) functions." The exercise of professional judgment at the work site concerning the

contractor's performance was the same type of judgment as that exercised by AMA commanders on organic maintenance activities.[37]

Based on these additional justifications and those submitted by the Navy, after reconsidering on an individual basis the assignment to the services of plants involved in depot maintenance, in June 1965 OSD gave AFLC contract administration cognizance over the 12 plants that it had previously requested.* It also reversed another one of its early decisions and authorized AFLC to begin administering its small-dollar contracts since these contracts were equally concerned with support of its in-house depot capability and other related activities.[38] On the other hand, as a result of a merger of General Dynamics' Convair and Astronautics Divisions, both located in San Diego, Calif., the Air Force was notified in June 1965 that AFSC would lose cognizance of the former Astronautics facilities sometime in late 1965, when the DCAS region in the Los Angeles area would become operational. The Convair Division had already been assigned to DCAS.[39]

In summary, at the close of 1965 the Air Force retained cognizance of a total of 37 plants, one of which it was scheduled to lose. It had also retained control over its research and development contracts, Military Air Transport Service contracts, contracts for basic research, and others.+ In addition, the Air Force received

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*See Appendix, Table 5.

+Contracts for operation, support, and maintenance of the Semiautomatic Ground Environment (SAGE) system, the Distant Early Warning (DEW) line, and the Ballistic Missile Early Warning System (BMEWS) remained under Air Force administration.

official confirmation in October 1965 that performance of secondary contract* administration relating to test site office work at Edwards, Eglin, Holloman, Patrick, and Vandenberg AFB's was authorized.[40]

Meanwhile, as planned, AFSC established its new Contract Management Division in early January 1965 and began inactivation of the various USAF units involved in the Defense Contract Administration Services consolidation. Of the most important Air Force activities concerned, the Central Contract Management Region was the first to be inactivated on 15 November 1965. This was followed one month later by the Eastern CMR's inactivation and, finally, by the inactivation of the Western CMR on 15 January 1965. As anticipated, a majority of the personnel retained by the Air Force were assigned to the Western CMR. A total of 2,359 personnel were reassigned from that region to AFSC's new Contract Management Division against 850 and 652 personnel transferred from the Central and Eastern CMR's, respectively.[41] Named to head the new division was Col. Fred L. Rennels, Jr., former commander of the Western Contract Management Region.+ It assumed responsibility for coordinating and directing the activities of contract administration personnel stationed at 32 locations across the nation, including plant representative and test site offices.

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*A "secondary contract" is that part of a prime contract which is performed at a distance from the prime contract's place of activities. It is not to be confused with a "subcontract" which entails the participation of another contractor.

+Brig. Gen. Dan Riley replaced Colonel Rennels as commander of the Air Force Contract Management Division, effective 1 October 1965.

Defense Contract Audit Agency

In a related action, in December 1964 OSD directed the establishment on 1 July 1965 of the Defense Contract Audit Agency under the Assistant Secretary of Defense (Comptroller) to increase the efficiency and lower the cost of government auditing of Defense contracts. Secretary McNamara, in issuing the charter establishing the new agency, spelled out its purpose as follows:

> To assist in achieving the objective of prudent contracting by providing those responsible for procurement and contract administration with financial information and advice on proposed or existing contracts and contractors, as appropriate. Audit services of the Defense Contract Audit Agency shall be utilized by procurement and contract administration activities to the extent appropriate in connection with the negotiation, administration, and settlement of contract payments or prices which are based on cost (incurred or estimated), or on analysis.

The function--to be conducted on a world-wide basis, McNamara noted--previously had been fragmented among the Army, Navy, and Air Force. William B. Petty, Deputy Air Force Comptroller since 1959, was named to head the new agency. The consolidation of the function involved 3,600 personnel of the military departments, of which 1,500 were Air Force. The complete transfer of personnel and spaces became effective 2 January 1966.[42]

Defense Industrial Security Clearance Office

In December 1964 OSD also directed the organization of the Defense Industrial Security Clearance Office. Under the direction

of the Defense Supply Agency, the new office was established in Columbus, Ohio, within the facilities of the Defense Construction Supply Center, and became operational 1 February 1965. With a staff of 161 personnel (including two military), headed by Col. Lachlan M. Sinclair, USA, the new office assumed the industrial personnel clearance functions previously performed at more than 100 locations throughout the United States by personnel of the Army, Navy, Air Force, and DSA, who were given an opportunity to transfer to Columbus.* [43]

Impact of the Reorganization

The impact of the DOD reorganization and consolidation of the field contract administration offices completed in December 1965 was expected to be felt for years to come.[44] Some 4,200 military and civilian personnel were left to the Air Force to discharge its continuing contract management responsibilities for approximately 5,400 contracts with a face value of $42 billion and an unliquidated obligation of $4.4 billion. However, almost one fifth of this manpower was involved in the administration of contracts for NASA performed at plants for which the Air Force had cognizance. Some 38,000 contracts, with a face value of $14 billion and an unliquidated obligation of $1.1 billion, had been transferred to the Defense Supply Agency along with a total of 7,215 USAF personnel--298 military and 6,917 civilians.[45] In addition, other manpower adjustments were anticipated. For instance, the Air Force's impending loss of cognizance

*The majority of the clerical personnel refused to transfer to the new office but the more responsible positions were filled with an equal percentage of personnel from the Army, Navy, and Air Force.

over General Dynamics' Astronautics Division facility would result in transfer to DSA of some 150 additional USAF personnel.[46]

Finally, the possibility of further consolidations or changes of plant cognizance assignments could not be ruled out. However, despite its significant losses and the multitude of difficulties which arose during the consolidation, the Air Force was reassured by the fact that a great deal of its practices and most of the contract management procedures that it had pioneered were being retained by the Defense Supply Agency.[47]

NOTES

1. Hist, AFSC, Jul-Dec 61, pp 20-21.

2. Hist, Hq USAF, Jul 50-Jun 51, p 64; Hist, D/Proc & Prod Engrg, Jul-Dec 51, p 9; Hist, D/Proc & Prod, Jul-Dec 57, p 16.

3. Hist, AFSC, Jul-Dec 61, pp 54-55; SECDEF Project 60, Contract Mgt, Vol III, Background Info & Existing Practices, pp 78-79, in OSAF files 1-63.

4. Hist, AFSC, Jul-Dec 61, pp 54-55.

5. SECDEF Project 60, Vol III, pp 91-105.

6. DOD News Release, No 1140-61, 13 Oct 61.

7. SECDEF Project 60, Policy Committee Rprt to SECDEF, 28 Aug 63; SECDEF Project 60, Vol IV, App, Jun 63, App A, p 1, App B, p 4, App L, p 55.

8. SECDEF Project 60, Vol II, Contract Mgt, Rprt of Study, Jun 63, p 8; SOD Project 60, Vol I, Contract Mgt, Summary Rprt, Jun 63, p 5.

9. SECDEF Project 60, Vol II, p 124 & pp 81-85.

10. SECDEF Project 60, Vol I, pp 43-59; Vol III, p 81.

11. SECDEF Project 60, Vol I, pp 13-15.

12. Ibid, pp 25-33.

13. Policy Committee Rprt, 23 Aug 63, pp i-ia.

14. Ibid, pp 34-35.

15. Ibid, pp 48-76.

16. Ibid, pp 58-71.

17. Memo, SAF to SECDEF, subj: Project 60 Contract Admin Services, w/atch, 4 Oct 63, in AFSC D/Proc Ops files.

18. Ibid.

19. Memo, Lt Gen A. T. McNamara, Dir DSA, to SECDEF, subj: Comments and Recommendations on SECDEF Project 60 Rprt, Contract Admin Services, 4 Oct 63; ltr, NASA Administrator to SECDEF, subj: Project 60 Rprt on Field Admin of Contracts, 9 Oct 63, in AFSC D/Proc Ops files.

20. Memo, SA to SECDEF, subj: Project 60 Contract Admin Services, 8 Oct 63; Memo, Asst SECNAV to SECDEF, subj: Contract Admin Services, Rev and Recommendations concerning, 5 Oct 63, in AFSC D/Proc Ops files.

21. Memo, JCS to SECDEF, subj: Project 60, Contract Admin Services, 5 Oct 63, in AFSC D/Proc Ops files.

22. Memo, Dep SECDEF to SA, SECNAV, SAF, and the Dir DSA, subj: Delegation of Authorities and Assignment of Functional Responsibilities to the Philadelphia Defense Contract Admin Services Rgn (Pilot Test), 28 Feb 64, in AFSC D/Proc Ops files.

23. AFSC & AFLC White Paper, Jan 64, p 5, in AFSC D/Proc Ops files.

24. Ibid; telecon, author w/Lt Col Cloyd L. Arney, Chief of Plans & Mgt Office, AFSC DCS/Proc & Prod, 23 Feb 66.

25. Memo, Dep SECDEF to SA, SECNAV, SAF, and Dir DSA, subj: Future Planning for the Consolidation of Field Contract Admin Services Activities, 12 Mar 64, in AFSC D/Proc Ops files.

26. Memo, SECDEF to SA, SECNAV, SAF, Chairman JCS, Asst SECDEF (Comptroller, I&L, Manpower), et al., subj: Consolidation of Contract Admin Services Offices, Project 60, Step 2, 25 Mar 64, in AFSC D/Proc Ops files.

27. Memo, Dep SECDEF to SA, SECNAV, SAF, and Dir DSA, subj: Implementation of Project 60, Contract Administration Services, 28 Apr 64; memo, Solis Horwitz, Dir Organization & Mgmt Planning, to Asst SECDEF (Comptroller, I&L, Manpower), Asst SA, SECNAV, SAF (I&L), and Dir DSA, subj: Dev of Plan for the National Level Mgt of Consolidated Contract Admin Services Offices, 15 Apr 64, in AFSC D/Proc Ops files.

28. Memo, Dep SECDEF to Secys of Mil Depts, subj: National Level Mgt of Consolidated Contract Admin Services Office (Project 60, Step 2), 4 Jun 64, in AFSC D/Proc Ops files; Hist, DCS/S&L, Jan-Jun 64, p 31.

29. Memo, Dep SECDEF to Dir DSA, subj: Planning for Consolidation of Contract Admin Services Office (Project 60, Step 2), 4 Jun 64, in AFSC D/Proc Ops files.

30. Stmt by McNamara at Hearings before Senate Cmte on Appropriations, 89th Cong, 1st Session, DOD Appropriation 1966, I, p 198.

31. Memo, Schriever to all AFSC activities concerned, subj: AFSC Plant Mgt, 15 Jul 64, in AFSC D/Proc Ops files.

32. AFSC Commander's Notebook, Tab B (Chronological Summary of Major Actions), in AFSC D/Proc Ops files; intvw, author with Albert Alberi, Dep Chief, Contract Mgt Div, Dir of Procurement Policy, DCS/S&L, 19 Nov 65; memo, ASD (I&L) to Asst Sec (I&L) Air Force, subj: Assignment of AFSC Contract Mgt Rgn Dev Engrs, 7 Dec 64, in DCS/S&L Contract Mgt Div.

33. C. W. Borklund, "What's Ahead for the Men Who Handle Contracts," in Armed Forces Management, Feb 65, pp 27-29.

34. AFSC Commander's Notebook, Tab V, in AFSC D/Proc Ops files.

35. Memo, ASD (I&L) to Asst SA, SECNAV, SAF (I&L), and Dir DSA, subj: Assignment of Contract Admin Services Plant Cognizance, 20 Nov 64; memo, ASD (I&L) to same addressees, same subj, 4 Dec 64, in Contract Mgt Div, D/Proc Policy, DCS/S&L files.

36. Memo, ASD (I&L) to Asst SAF (I&L), subj: Project 60, Contract Admin Services, 15 Sep 64, in AFSC D/Proc Ops files.

37. Memo, R. H. Charles, Asst SAF (I&L) to ASD (I&L), subj: Retention of Admin of Depot Maintenance Contracts in the Air Force, 7 Apr 65, in DCS/S&L Contract Mgt Div.

38. Memo, ASD (I&L) to Asst SA, SECNAV, SAF (I&L), and Dir DSA, subj: Assignments of Contract Admin Services Plant Cognizance, 7 Jun 65; memo, ASD (I&L) to same addressees, same subj, 25 Jun 65, in DCS/S&L Contract Mgt files; intvw, author, w/Albert Alberi, Dep Chief, Contract Mgt Div, DCS/S&L, 19 Nov 65.

39. Memo, Paul R. Ignatius, ASD (I&L) to Asst SAF (I&L), subj: Assignments of Contract Admin Services Plant Cognizance, 24 Jun 65, in DCS/S&L Contract Mgt Div files.

40. Ltr, J.M. Malloy, Dep ASD (Procurement) to OSAF (I&L), subj: DOD Plant Cognizance Program, 27 Oct 65, in DCS/S&L Contract Mgt Div files.

41. Memo, Albert Alberi, Dep Chief, Contract Mgt Div, DCS/S&L, to author, 9 Feb 66.

42. Telecon, Carl Berger, AFCHO, w/Maj Garo Krikorian, Off of Associate Auditor General, 23 Dec 65; Hist of Auditor General, Jan-Jun 65, p 24; AF Policy Ltr for Cmdrs, Off of Sec AF, 15 Jan 65; Armed Forces Management, p 61, Feb 66.

43. Defense Dept Digest, p 6, 15 Dec 64; telecon, author, w/Mr. Mayeux, DSA Office of Industrial Security, Field Mgt Div, 14 Feb 66, DSA General Order No 2, dtd 15 Jan 65.

44. Intvw, author w/Alberi, 1 Mar 65; Defense Industry Bulletin, Vol 2, No 1, p 13, Jan 66.

45. Memo, Albert Alberi, to author, 9 Feb 66.

46. Ltr, J. M. Malloy, Dep ASD (Procurement) to OSAF (I&L), subj: DOD Plant Cognizance Program, 27 Oct 65, in DCS/S&L Contract Mgt Div files.

47. Intvw, author w/Alberi, 19 Nov 65.

ARMY PLANT COGNIZANCE DECEMBER 1964

Raytheon Company, Andover, Massachusetts

Sperry Utah Company, Salt Lake City, Utah

Bell Helicopter Co., Fort Worth, Texas, and facilities at Hurst, Saginaw, Richland Hills, and Arlington, Texas

Martin-Marietta Corp., Orlando, Florida

Rohm and Haas Co., Redstone Division, Huntsville, Alabama

Thiokol Chemical Corp., Alpha Div., Huntsville Plant, Huntsville, Alabama

Chrysler Corporation, U. S. Army Detroit Arsenal, Warren, Michigan

Chrysler Corporation and Cadillac Motor Div., GMC, Cleveland Army Tank Automotive Plant, Cleveland, Ohio

Ling-Temco-Vought Inc., Michigan Div., and Chrysler Corp. Missile Division, Michigan Army Missile Plant, Warren, Michigan

Hiller Aircraft Co., Palo Alto, California (Per ASD (I&L) Memo dated August 25, 1964)

Table 1

NAVY PLANT COGNIZANCE DECEMBER 1964

The Boeing Company, Vertol Div., 100 Woodland Ave., Morton, Pa.

Grumman Aircraft Engineering Corporation plants at Bethpage and Calverton, L.I., N.Y. and Stuart Field, Fla.

Sikorsky Aircraft, Division of United Aircraft Corp., facilities at Main Street, Stratford, Conn., and at South Avenue, Bridgeport, Conn.

North American Aviation, Inc., Columbus Div., 4300 East 5th Ave., Columbus, Ohio

Bendix Mishawaka Division, 400 S. Beiger St., Mishawaka, Ind.

General Dynamics/Pomona, Naval Weapons Industrial Reserve Plant, 1675 West 5th Ave., Pomona, Calif.

Aerojet-General Corporation, Von Karman Center, Azusa, Calif., and corporate offices at El Monte, Calif.

Goodyear Aerospace Corp. facilities at Akron and Wingfoot Lake, Ohio and Goodyear Tire and Rubber Co. Plant "C", Akron, Ohio

McDonnell Aircraft Corporation, St. Louis, Mo.

Douglas Aircraft Co., Inc., Aircraft Division, facilities at Long Beach, Torrance, and Palmdale, Calif.

United Aircraft Corp., Pratt and Whitney Aircraft Division, facilities at East Hartford, Southington, North Haven, Conn., West Palm Beach, Fla., and UAC Research facility, E. Hartford, Conn.

Lockheed Aircraft Corp., Lockheed-California Co., plants A1, B1, B5, B6, Unit 32, Unit 33 at Burbank, Calif.; plant B4, Palmdale, Calif.; plant 2, Saugus, Calif., and Warehouse No 1, Los Angeles, Calif.

General Electric Co. Ordnance Dept., Defense Electronic Division, Pittsfield, Mass.

Westinghouse Electric Corp., Defense and Space Center, Baltimore, Md., including Aerospace Division, Surface Division, Underseas Division, Systems Operations Division at Baltimore; and Products Support Equipment Dept. at Cockeysville, Md.

Table 2

Ling-Temco-Vought, Inc. facilities at Dallas, Garland, and Arlington, Texas

Lockheed Missile & Space Co., Missile Division, Sunnyvale, Calif. (per ASD(I&L) Memo dated November 12, 1964)

Gyrodyne Corp., St. James, L.I., N.Y.

Applied Physics Laboratory and Vitro Laboratories, Silver Spring, Md.

Table 2 (Cont'd)

AIR FORCE PLANT COGNIZANCE DECEMBER 1964

North American Aviation, Inc., Autonetics Division, facilities at Anaheim, Downey, El Segundo, and Fullerton, Calif.

Douglas Aircraft Co. Inc., Missile and Space Systems Div. facilities at Santa Monica, Culver City, Huntington Beach, and Sacramento, Calif., test site.

North American Aviation, Inc., Los Angeles Division, facilities at Los Angeles, Crenshaw and Palmdale, Calif.

General Electric Co., Evendale, Ohio

General Dynamics, Plant 4, Fort Worth, Texas

Martin-Marietta Corp., Martin Company Division, Middle River, Md., including the RIAS facility, Baltimore, Md.

General Dynamics (Astronautics), San Diego, Calif.*

Lockheed-Georgia Co., Marietta, Ga.

Martin-Marietta Corp., Denver Division, Denver, Colorado

Boeing Company, Corporate Offices, Seattle, Wash., Aerospace Division and Industrial Products Division, Seattle, Wash., and Airplane Division, Renton, Wash. (Does not include plants under the CMO, Seattle.)

Boeing Company, Airplane Division, Wichita, Kansas

Thiokol Chemical Corporation, Promontory, Utah

The Boeing Company, AF Plant #77, Hill AFB, Utah

Allison Division, General Motors Corp., Indianapolis, Ind.

Lycoming Division, AVCO, Stratford, Conn.

Rocketdyne Division, North American Aviation, Inc. facilities at Canoga Park, Van Nuys, and Inglewood, Calif.; and Test Locations at Edwards AFB, Calif., Santa Susanna, Calif., and Reno, Nevada

General Electric Co. facilities, Syracuse, N. Y.

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*To be withdrawn from AF cognizance assignment o/a December 1965.

Table 3

Aerojet-General Corporation, Sacramento plant, Sacramento, Calif. (ASD(I&L) Memo of November 12, 1964)

Hercules Powder Co., Bacchus Works, Magna, Utah (ASD(I&L) Memo of November 12, 1964)

Lockheed Missile and Space Co., Space Div., Sunnyvale, Calif. (per ASD(I&L) Memo of November 12, 1964)

AC Spark Plug, General Motors Corp., Milwaukee, Wis.

*Northrop Corp., Corporate Offices, Beverly Hills, Calif., and facilities at Hawthorne, Palmdale, El Segundo, and Palos Verdes, Calif.

Hughes Aircraft Company and Hughes Tool Company, Culver City, Calif. complex, and Tucson, Ariz. facility. Culver City complex to include Fullerton, Calif. complex and Newport Beach, Oceanside, and Santa Barbara sites.

United Technology Center, Sunnyvale, Calif., and United Technology Development Center, Coyote, Calif.

AVCO Corporation, Wilmington, Mass.

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*Information on a corporate reorganization at Northrop was received too late to consider its effect on this assignment. This situation would be reviewed as soon as possible. However, the assignment indicated above was to be considered as final unless a change would be deemed necessary by ASD(I&L) as a result of the review.

Table 3 (Cont'd)

DSA PLANT COGNIZANCE DECEMBER 1964

Bendix Corp., Eclipse-Pioneer Division, Teterboro, N. J.

Food Machinery Corp., Ordnance Division, San Jose, Calif.

Piasecki Aircraft Corp., International Airport, Philadelphia, Pa.

All American Engineering Company, Wilmington, Del.

American Bosch, Arma Division ("E" Location), Garden City, L.I., N.Y.

International Business Machines, Space Systems Division, Owego, N.Y.

Melpar Incorporated, Falls Church, Va.

Bell Aerosystems, Niagara Falls, N.Y. and facilities at Wheatfield, N.Y., Bell Test Center, Cleveland, Ohio, and Tucson, Ariz. and Fort Huachuca, Ariz.

Ordnance Aerophysics Laboratory, Daingerfield, Tex., and Lone Star Steel Company, Lone Star, Tex.

Defense Research Laboratory, University of Texas, Austin, Tex.

Sundstrand Aviation, Rockford, Ill.

Westinghouse Elec. Corp., Sunnyvale, Calif.

Thiokol Chemical Corporation, Reaction Motors Division, facilities at Denville, N. J. and Bristol, Pa.

Aerojet-General Corporation, facilities at Downey and Fullerton, Calif.

General Dynamics, Atomics Division, Electronics Division, and Convair Division, San Diego, Calif.

Burroughs Corporation, Defense and Space Group, Paoli, Pa., including Badnor Division, Control Instrument Division and Great Valley Laboratory

Solar Aircraft, Division of Int. Harvester, San Diego, Calif.

Ryan Aeronautical Co., facilities at San Diego, Calif.

Table 4

John I. Thompson Co., Washington, D. C.

Texaco Experiments, Richmond, Va.

Lockheed-Aircraft Corp., Plant #9, McAlester, Okla.

General Precision Aerospace Group, Little Falls, N.J., including Kearfott Division and Aerospace Division at Little Falls, and the General Precision Laboratories, Pleasantville, N. J.

Thomson-Ramo-Wooldridge, Cleveland, Ohio

Beech Aircraft Co., Wichita, Kansas

Cessna Aircraft Co., Wichita, Kansas

TRW Space Laboratories, Thompson Ramo Wooldridge, Inc., Redondo Beach, Calif.

North American Aviation Inc., Rocketdyne Division, Neosho, Mo.

Sperry Gyroscope Co., Great Neck, L.I., N. Y. (Determination of retention in plant of Special Projects Office functions and personnel under program manager control to be determined later.)

Republic Aviation Corp., Farmingdale, L.I., N.Y.

General Electric Company, Small Aircraft Engine Department, Lynn, Mass., the G. E. Instrument Department, and Everett, Mass. facility, and Direct Energy Operation, West Lynn, Mass.

Philco Western Development Laboratories, Palo Alto, Calif.

Intercontinental Engine Service, Brownsville, Tex.

Douglas/North American, Plant N . 3, Tulsa, Okla.

Sylvania Electronic Systems West, Mountain View, Calif.

Aero Corporation, Lake City, Fla.

Sylvania Electronic Systems, Waltham, Mass.

American Machine and Foundry Company, York, Pa.

Hayes International Corp., facilities at Birmingham, Ala., Dothan, Ala., and Weeksville Division, Elizabeth City, N. C.

Table 4 (Cont'd)

Curtiss-Wright Corp., Woodridge, N.J., including Electronics Division and VTOL Systems Group, East Paterson, N. J.; Curtiss Division, Caldwell, N. J.; and the Wright Aeronautical Division, Woodbridge, N. J.

Litton Systems, Inc., Woodland Hills, Calif., and all other locations

FMC Corporation, Northern Ordnance Division, Fridley, Minn.

Kaman Aircraft Corp., facilities at Bloomfield, Bradley Field, Mossup and Hartford, Conn.

General Electric Co. facilities, Utica, N. Y.

Rocketdyne Div., NAA, McGregor, Tex.

General Electric Co., Missile and Space Division, facilities at Valley Forge, King of Prussia, and Philadelphia, Pa.

Radio Corporation of America facilities at Moorestown, Camden, and Cherry Hill, N. J.

Muskegon Army Engine plant, 76 N. Getty Street, Muskegon, Mich.

Continental Motors Corp., Market Division, 205 Market St., Muskegon, Mich.

Continental Motors Corp., Kerchuval and Lyndon Division, Detroit, Mich.

*Northrop Corporation, Ventura Division, Newbury Park, Calif., and Nortronics Division, Anaheim, Calif.

Raytheon Co., all facilities except Andover, Mass.

International Telephone and Telegraph Co., Paramus, N. J., including ITT Data & Information Systems Div., ITT Communications Systems Div., Federal Electric Corp. at Paramus, N. J.; and Federal Laboratories, Nutley, N. J.

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*Information on a corporate reorganization at Northrop was received too late to consider its effect on this assignment. This situation would be reviewed as soon as possible. However, the assignment indicated above was to be considered as final unless a change would be deemed necessary by ASD(I&L) as a result of the review.

Table 4 (Cont'd)

ADDITIONAL USAF PLANT COGNIZANCE ASSIGNMENTS - JUNE 1965

Lockheed Aircraft Service Co. (New York), a Division of Lockheed Aircraft Corp., John F. Kennedy Airport, Jamaica, N.Y.

Aerospace Services, Inc., Oakland, California

Ling-Temco-Vought Electrosystems, Inc., Greenville, South Carolina. (Assignment contingent on the establishment of a plant office in lieu of proposed CMO. However, the Ling-Temco-Vought plant office may provide certain support functions to the International Aerospace Services, Inc. plant office.)

International Aerospace Services, Inc., Charleston, South Carolina

Fairchild-Hiller Corporation, St. Petersburg, Florida

Fairchild-Hiller Corporation, St. Augustine, Florida

Fairchild-Hiller Corporation, Crestview, Florida

Propeller Services, Incorporated, Miami, Florida

Air International, Miami, Florida

Aerodex Corporation, Miami, Florida

Dallas Airmotive Incorporated, Dallas, Texas

Southwest Airmotive Company, Dallas, Texas

Table 5

G L O S S A R Y

ACO	Administration Contracting Officer
Admin	Administration
AEC	Atomic Energy Commission
AFLC	Air Force Logistics Command
AFS	Air Force Station
AFSC	Air Force Systems Command
AMA	Air Materiel Area
AMC	Air Materiel Command
App	Appendix
ARDC	Air Research and Development Command
ASD	Aeronautical Systems Division
Asst	Assistant
BMEWS	Ballistic Missile Early Warning System
CAS	Contract Administration Services
CMR	Contract Management Region
DCAS	Defense Contract Administration Services
DCMA	Defense Contract Management Agency
Dev	Development
DEW	Distant Early Warning
Dir	Director
DOD	Department of Defense
DSA	Defense Supply Agency
Engrg	Engineering
GSA	General Services Administration
I&L	Installations and Logistics
JCS	Joint Chiefs of Staff
LMI	Logistics Management Institute
Ltr	Letter
Mgt	Management
NASA	National Aeronautics and Space Administration
OSAF	Office of the Secretary of the Air Force
OSD	Office of the Secretary of Defense

G L O S S A R Y (Cont'd)

PCO	Procuring Contracting Officer
PCS	Permanent Change of Station
Rgn	Region
Rprt	Report
SA	Secretary of the Army
SAF	Secretary of the Air Force
SAGE	Semiautomatic Ground Environment
SBA	Small Business Administration
SECDEF	Secretary of Defense
SECNAV	Secretary of the Navy
Svcs	Services
Telecon	Telephone conversation
USA	United States Army
USAF	United States Air Force
USN	United States Navy
WCMR	Western Contract Management Region

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21. AFADS
22. AFAMA
23. AFAUD
24. AFODC
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26. AFOMO
27. AFPDC
28. AFPMC
29. AFPCP
30. AFRDC
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33-35. AFSPP
36. AFSSS
37. AFSPD
38. AFXDC
39. AFXOP
40. AFXPD

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41-42. AFLC
43-47. AFSC
48. MAC
49. SAC
50. TAC

OTHER

51-52. ASI
53-55. ASI (HAF)
56-60. ASI (HA)
61-75. AFCHO (Stock)