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COMPTROLLER GENERAL OF THE UNITED STATES  
WASHINGTON, D.C. 20548



JUL 2 1973

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The Honorable George E. Brown, Jr.  
House of Representatives

Dear Mr. Brown:

Reference is made to your letter dated June 5, 1973, and our discussions with you and your staff, concerning the Air Force plans to perform custodial services by contract at Norton Air Force Base, California.

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We have inquired into the Air Force's handling of these services. We directed special attention to your concern with the possibilities that cost studies may have been developed subsequent to a decision to contract and that quality of services may be permitted to decline under a contractor.

Our inquiry shows that the Air Force has established controls to ensure that these key manpower areas of cost studies and quality of performance are properly managed for custodial services.

The Air Force studied its custodial services world-wide and found that in May 1972 the cost of direct labor by the appropriate Government Wage Board employees greatly exceeded the cost of comparable local labor at 21 out of 22 installations sampled. For example, the closest sampled installation to Norton was March Air Force Base, California, showing a \$4.30 hourly rate in wages and fringe benefits for W-2 grade employees versus a \$3.18 hourly rate for industry.

In December 1972 the Air Force issued a letter requiring all commands to contract custodial services except where installations prepared detail cost comparisons showing in-house to be more economical. In March 1973 Norton Air Force Base officials prepared a cost comparison in accordance with Office of Management and Budget Circular No. A-76 showing contractor performance would be more economical by nearly \$2 million over a three-year period.

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The Air Force is applying a similar approach to its laundry services. For both types of services the Air Force has developed an approach for obtaining firm contractor costs when making a cost comparison. Under this approach bidders are given the exact in-house requirements and are placed on notice that a bid is subject to Government cost analysis to determine the economic feasibility of performing the requirements in-house or by contract.

The Air Force has obtained at least 8 bids low enough to keep the results of the Norton cost comparison relatively unchanged. It plans at present for the contract award to be June 29, 1973, and for the contractor to begin work by October 15, 1973.

The Air Force has initiated actions to assist civilian employees in affected positions to find new positions, to retrain for other positions or to otherwise receive protection under Civil Service Commission and Department of Defense Programs.

The workforce analysis you provided us may be best applied if you wish to ascertain whether the incoming contractor actually operates within its confines beginning October 15, 1973.

Please contact us if you have any further questions about this matter.

For the Sincerely yours,

Paul C. Herping

Comptroller General  
of the United States

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