



COMPTROLLER GENERAL OF THE UNITED STATES

WASHINGTON, D.C. 20548

B-96983
FPC-96-1-4

*inter-
control No.*

APR 25 1979

9973

The Honorable James M. Hanley
Chairman, Committee on Post Office
and Civil Service
House of Representatives

H.R. 02900

Dear Mr. Chairman:

Reference is made to your request of February 15, 1979, for our comments on H.R. 148, a bill which if enacted would be cited as the "Defense Production Act Amendments of 1979." This bill would prohibit an acquisitions officer, as defined, from accepting, for a two year period after his Federal employment, any compensation including employment, from a contractor if the acquisitions officer "engaged personally and substantially, in duties of his office in regard to any procurement contract" under which the contractor received funds. The prohibition would not apply to duties performed more than three years before the end of the officer's Federal employment. The purpose of the bill is to assure that Federal procurement decisions will not be influenced by a procurement official's anticipation of private sector employment (or other compensation) with a Government contractor.

The Ethics in Government Act of 1978 (P.L. 95-521) revised the Federal post employment statute, 18 U.S.C. 207, to further restrict post employment activities of Federal employees. However, the revised statute does not address the type of problem H.R. 148 would attempt to resolve. A 1975 study by the Council on Economic Priorities entitled "Military Maneuvers" documented the heavy traffic in personnel from the Department of Defense to the military contractors. Between 1969 and 1973 at least 1,400 high-ranking individuals have left DOD to accept employment with military contractors. According to the Council, 379 (27 percent) of these individuals were in conflict of interest situations because of their employment.

While we believe there is a problem within the Department of Defense which should be corrected, we do not know whether similar problems occur in other executive branch agencies, nor what impact H.R. 148 would have on such agencies. We also believe that post employment problems can also exist for other types of Federal employees, such as lawyers, regulators, auditors, etc. and that "switching sides" is not limited solely to acquisitions officers.

005107
Letter

B-96983
FPC-96-1-4

Recently much controversy has arisen over the recent amendments to 18 U.S.C. 207 contained in P.L. 95-521. Many high-level officials fear that the more restrictive prohibitions which take effect July 1, 1979, could limit their job opportunities in private industry and academia. Some officials say they will resign before the effective date. We believe the provisions of H.R. 148, if enacted, could also engender such controversy as the effective date of the Act draws near.

In August 1978, we issued a report (FPCD-78-38) entitled, "What Rules Should Apply to Post-Federal Employment And How Should They Be Enforced?" This report addressed many of the issues involved in developing post employment regulations. A copy is enclosed for your information.

Sincerely yours,

~~R. J. MILLER~~

~~Director~~
Comptroller General
of the United States

Enclosure