

(b) Provides information in connection with specific major procurements and other logistics actions to those responsible for final decision, in order to assure that there is full awareness of underutilized economic resources and that this is taken into consideration in making such decision.

(c) Cooperates with State, regional, local, and industry leaders, upon request, in informing the appropriate Department of Defense officials of the capabilities of underutilized plants and other resources which can be employed in support of defense procurement and logistics programs.

(d) Continuously studies procurement policies and practices in order to recommend revisions in policies, and to identify opportunities for more effective implementation of the armed services procurement regulations relating to labor surplus.

(e) Assists contracting offices to assure full application of the Department's labor-surplus area policies by increasing the sources on bidders' lists, by reviewing potential procurements to increase the number of set-asides, and by working with prime contractors on their subcontracting planning.

(f) Works with the aerospace industry to form a committee which would voluntarily make an effort to subcontract with firms in labor-surplus areas.

2. Is experimenting with a new program which may provide a partial answer. This program, instead of dividing the requirement between two firms, would result in one firm either producing a certain percentage in a labor-surplus area or subcontracting a certain percentage to firms in labor-surplus areas.

Specifically, the program requires first that the procurement agencies select those items which lend themselves to subcontracting. The percentage of subcontracting is arbitrary at this time. It requires that the item to be procured lend itself to at least 50 percent subcontracting. When such a forthcoming contract is identified, the request for proposal (which is in the form of an invitation to bid) contains a clause requiring the low bidder either to perform 50 percent of the contract value in the labor-surplus area or to subcontract that amount in such an area. If the contractor fails to agree, then the next low bidder who is within 120 percent of that bid and qualifies as a small business in a labor surplus area will be given an opportunity to meet the price. If there is no such small business, then any business next in line which is within 120 percent of the low bid and is also willing to produce or subcontract 50 percent in a labor-surplus area will be given an opportunity to meet the low bid. If no contractor can be found to meet the qualifications of subcontracting or performance in a labor-surplus area, the original low bidder will receive the contract.

3. Is considering a further proposal with promise which arises from the fact that most of the capacity in distressed areas is in the form of small business. The proposal would utilize the small business set-aside through cooperation with the Small Business Administration. A study of labor-surplus areas shows that for the most part they do not contain large defense-oriented industries, but do contain substantial numbers of small businesses which could participate in the defense effort. Thus, the Small Business Administration would seek to have partial labor-surplus set-asides placed in contracts that are set aside 100 percent for small business.