

TABLE 1.—*Level of operations or performance, fiscal years 1964-65*
 [(g) Other measures of level or magnitude of performance]

	Fiscal year 1964	Fiscal year 1965
Dollars awarded firms in labor surplus areas and percent of total awards.....	\$4.1 billion.	\$4.2 billion.
Awards to labor surplus area firms (by preference)	16.3 percent.	17.2 percent.
Number of labor surplus area firms added to bidders' lists.....	\$173 million.	\$109 million.
	2,672.....	2,363.....

5. *Estimated magnitude of program in 1970*

Variables here include the number of labor surplus areas (which have decreased from 715 in fiscal year 1964 to 545 in fiscal year 1965); the industrial capability located in them; the "mix" of defense procurement; and the dollars to be spent. This latter figure is tied to the 5-year force structure and will vary with the world situation. At the same time, under programs of other agencies, the industrial capability of many areas is expected to increase. Thus, although no definitive projections can be made, the level through 1970 can be expected to remain at about the fiscal year 1965 level.

6. *Prospective changes in program orientation*

- (a) None.
- (b) None.
- (c) Any such changes seem to be offsetting rather than accumulating.

7. *Coordination and cooperation*

This program, though carried on with appropriated funds, is operated within the overall guidelines of procurement policy. Contracts are awarded based on competition among qualified producers. They are not allocated by area to assist employment. There is no line item or fund obligation to alleviate economic dislocations—in fact, expenditure of Department of Defense funds to pay a price differential for that purpose is specifically prohibited by the DOD Appropriation Act since 1954. Thus, part (i) of this question cannot be answered.

(ii) (a) Coordination within the Office of the Deputy Assistant Secretary of Defense (I. & L.) for Procurement Policy includes ASPR considerations in 1-800 series. Similar coordination within the DOD Secretariat.

(b) Coordination with Economic Utilization Advisors of the Army, Navy, Air Force, and the Defense Supply Agency, and with the Service field offices.

(c) Coordination through the Surplus Manpower Committee with OEP, Commerce, Labor, and SBA.

(d) Cooperate with State economic development commissions and the like.

(e) Sometimes with local economic development organizations in conjunction with Program No. 4.

(f) None.

(g) None.

(h) None.

(i) Assistance to prospective defense contractors in their efforts of competition in Federal procurement.

(j) None.