

In May 1966 the Bureau of the Budget (BOB) gave approval to the semiannual contractor reporting requirements prescribed by EIS. BOB's approval followed extensive coordination with industry representatives by DOD and NASA officials.

Contractor reports under EIS consist of the plantwide economic report and the individual project economic report. The plantwide report provides data on total employment according to four major categories: DOD, NASA, other Government, and commercial. The individual project report provides data on employment, costs, cost distribution overtime, and contract information, and is prepared for each individual project (major weapon system or major element thereof) having 150 or more direct workers on the project. (See article, "Economic Information System Reports Approved by Bureau of the Budget," *Defense Industry Bulletin*, June 1966.)

Two EIS reports were submitted by approximately 400 plants during 1966. These reports contained actual data for the 6-month periods ending December 1965 and June 1966, respectively. Forecasts of firm business based on contracts were also reported.

The statistics presented in tables 1 through 13 in this article supplement and extend previously published data, such as the prime contracts awards data by State, compiled by the Office of the Assistant Secretary of Defense (Comptroller). (See *Defense Industry Bulletin*, October 1966.) Although this later statistical series is useful in measuring the geographical impact of defense procurement, it is indicative at best. As stated in these reports:

It is emphasized that data on prime contracts by state do not provide any direct indication as to the State in which the actual production work is done. For the majority of contracts with manufacturers, the data reflect the location of the plant where the product will be finally processed and assembled. If processing or assembly is to be performed in more than one plant of a prime contractor, the location shown is the plant where the largest dollar amount of work will take place. More important is the fact that the report refers to prime contracts only, and cannot in any way reflect the distribution of the very substantial amount of material and component fabrication and other subcontract work that may be done outside the state where final assembly or delivery takes place.

The EIS and the supplementary statistics presented in the aforementioned tables are designed to alleviate these shortcomings with respect to defense impact measurement by geographic area. This is accomplished by surveying and imputing defense-generated industrial employment to the plant level and aggregating by labor market area (standard metropolitan statistical areas or county), State, and Nation, as well as by defense product group.

Also, these EIS statistics on defense-generated industrial employment are more precise than contract awards data with respect to indicating the time of the impact. The latter are reported for the period of contract award whereas the EIS employment statistics generally are associated with the period in which the work was performed under the contracts.

Despite these refinements, the statistics presented have several limitations particularly with respect to the completeness of coverage of employment generated by defense at all contracting tiers, and to the timing of employment impacts. Furthermore, the indirect "multiplier" effects have not been developed in this study. Research is being conducted to alleviate these shortcomings. Meanwhile, the use of the data should be qualified by these limitations.