holding of payments due the contractor under the contract and payments to the employees of amounts due them; suit by the United States against the contractor or surety to recover the amount of underpayment; cancellation of the contract for any violation with the contractor liable for any resulting cost to the United States; authority for the Secretary to list and withhold awarding further contracts to contractors violating this bill for up to 3 years; and authority to issue regulation under sections 4 and 5 of the Walsh-Healey Public Contracts Act to enforce this bill. The authority to list contractors violating this act specified in the bill and to recommend no further contracts of the United States be awarded such violators is subject to the provision of sections 4 and 5 of the Walsh-Healey Public Contracts Act. Contractors would therefore be entitled to the notice, hearing, and other procedures provided for in said act.

appropriated funds are not covered by this bill. Mr. Donahue, in a memorandum submitted to the committee, said:

> The authority of that Department would undoubtedly also support directives requiring a minimum wage for all nonappropriated fund activity employees. Similarly, it would appear to be within existing authority to require prevailing wage rates to be paid these employees as is required for blue-collar workers of the Federal Government.
>
> The principal types of employees who would be affected are believed to be those employees for PX's, ship's stores, officers clubs, and in recreational activities for the benefit of the Armed Forces.

awarded to the lowest responsible bidder. Since labor costs are the predominant factor in most service contracts, the odds on making a successful low bid for a contract are heavily

SECTION-BY-SECTION ANALYSIS

Section 1. The act is cited as the "Service Contract Act of 1965."