

objectives of the administration.

With that introduction, Mr. Chairman, I think that I probably should outline briefly some of the changes from prior proposals, and the reasons for them.

Before doing so, I think that I should make a brief statement of what this bill is about. This is a bill to provide prevailing wage coverage for service contracts in excess of \$2,500. This fills a gap in the wage standards structure governing Federal Government procurement. We have the Walsh-Healey Act covering Federal supply contracts, and we have the Davis-Bacon Act covering Federal construction contracts, but we have not had, over all of the years, any similar and much needed protection for contracts covering service contract employees. The most typical of which may be, for example, a service contract by the General Services Administration, covering janitorial and maintenance activities, which when performed by the Federal Government is subject to what they call wage board procedure, and prevailing rates are established for that work. But when it is contracted out to some private organization on a bid basis, then there is no similar wage protection provided, although the major part of the costs are wage costs.

Now, the problem that we had in attempting to fill the gap with provided that the wage determination would be made by the agency head, with the concept that the agency head would use exactly the same procedures that the agency now uses for so-called wage board employees, who are direct blue-collar employees of the Federal Government. It was thought at that time that this approach might be a more acceptable one to the procurement agencies. Accordingly, we took that approach.

However, we discovered, in the course of getting their advice on this measure, that they would prefer to have this function centered in the Department of Labor. We were being very modest about it at that time. We allowed the procurement agencies to tell us that they desired to have the Department of Labor, the experts in this field administer the bill. Once they did so we said that we willingly accepted that duty and that obligation. So we have changed the bill as a result to provide for the wage determinations to be made by the Secretary of Labor.