Indexes of 80 or lower were recorded for 29 regions. These include two principal types of region:

(1) Regions containing metropolitan complexes with high concentrations of manufacturing concerns producing basic materials, heavy equipment, production equipment, and automotive vehicles—such as Pittsburgh, Birmingham, Chicago, Detroit, Cleveland, and Portland.

(2) Regions which are predominantly rural with limited man manufacturing facilities largely devoted to supplying local markets on processing local primary materials—such as Clarksburg, Jackson, Augusta, Little Rock, Des Moines, Boise, and Spokane.

In some instances, a high concentration of service-type contracts may distort an index based upon manufacturing capabilities.

This explains, in part, the abnormally high index (900) for the Washington metropolitan region.

The certificates of competency program is designed to give small firms a better chance to participate in Government procurement.

If a small business bids low on a Government contract, and the contracting agency feels that the firm does not have adequate productive capacity or credit to fulfill the contract, SBA is authorized to investigate the competency of the firm. SBA may issue a COC based on a thorough study of the company's operations. The contracting agency must award the contract to the small business when the certificate is issued.

SBA follows the progress of the contract until it is completed. If the contractor has difficulty meeting production schedules because of technical or other problems, SBA offers assistance.

The program also makes available to the Government the services and products of those qualified small firms that have submitted low bids on particular purchases. This enables the Government to realize a saving and the Government, as well as small business, benefits.

Since it began, through fiscal year 1967, the COC program has saved the Government $29.8 million through the acceptance of low bids on the 2,111 COC's issued. In fiscal year 1967, the total savings were $1,498,000 based on 141 COC awards made for $22.8 million.

Another 94 awards valued at $14.3 million were made without the necessity of issuing COC's after SBA supplied specific information to contracting agencies. The savings, by accepting these low bids, exceeded $1.5 million.

Section 8(a) of the Small Business Act declares it to "be the duty of" SBA, and SBA is empowered whenever it "determines such action is necessary" to enter into procurement contracts with other Government agencies on such terms and conditions as the parties agree.

SBA is authorized by section 8(a)(2) to subcontract to others the performance of contracts it has obtained. This authority had not been exercised by previous SBA Administrators. Our decision to utilize this authority was prompted by the President's test cities program announcement proposing to "mobilize the resources of private industry and the Federal Government to help find jobs and provide training for thousands of America's hard-core unemployed."

In addition, the Economic Opportunity Act Amendments of 1967 added congressional emphasis and direction for our use of this authority.