



COMPTROLLER GENERAL OF THE UNITED STATES  
WASHINGTON, D.C. 20548

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B-197844

The Honorable Jack Brooks  
Chairman, Committee on Government  
Operations  
House of Representatives

MAR 25 1980

MSR 01500

Dear Mr. Chairman:

We believe the bill to require the consideration of the [impact on employment in Federal contract operations (H.R. 6425)] which you asked us to comment on, would be difficult to comply with and would constitute a severe paperwork burden on the agencies and their contractors.

The bill requires, among other things, that each Federal agency prepare an annual employment impact statement for its proposed procurement during the following year, identifying the volume of each type of procurement by geographic area. We believe the agencies could develop this information fairly easily for some construction and many personal service and sole-source contracts since the location of performance is known. However, this is not the case for competitive procurements of property or services where the geographic area of performance depends on the location of the winning contractor. During fiscal year 1979, the Department of Defense (DOD) spent about 38 percent of its procurement funds on contracts competed on the basis of either the price or the design of an end item. Also, since the agency's prime contractors subcontract about 40 percent of the work, much of the information would have to be obtained from the subcontractors involved.

The bill provides that whenever any proposed procurement action by an agency departs significantly from the plan, the agency must publish a supplemental employment impact statement with any necessary revision to its plan. Thus, DOD and other agencies would have to publish numerous supplemental employment impact statements throughout the year.

The bill also requires that the Comptroller General review how Federal agencies comply with the act and assess the act's effect on employment. The GAO currently has legislative authority to make such assessments, and such a review need not be required explicitly by the act. Furthermore, we see several potential difficulties of a conceptual nature with such a review. First, employment impact statements are of limited usefulness because they are forecasts of future events rather than analysis of what actually happened. Secondly, no adequate baseline study exists to accurately assess employment effects before

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and after the enactment of the bill. Finally, on an overall basis, national employment would be unaffected by shifts in locations where Federal contracts are performed. There would merely be a shift in employment from one location to another.

Please let us know if we can be of further assistance.

Sincerely yours,

Signed Elmer B. Staats

Comptroller General  
of the United States

cc: Mr. Stolarow (PSAD)  
Mr. Flynn (PSAD/GP)  
Mr. Poskaitis (PSAD/GP)  
Mrs. Warman (PSAD/GP)  
Director, OCR

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