

(c) The effectiveness of the government negotiator can be enhanced by use of independent cost analysis and by "should cost" analysis. Both of these techniques bring in expertise outside the cognizant government program office and thereby provide the government negotiator with more information on cost.

RESPONSES OF MR. THAYER TO WRITTEN QUESTIONS SUBMITTED BY SENATOR LEVIN

PUBLICIZING

Question. Last week the committee passed a bill, S. 338, that contained new notice requirements for Solicitation of bids and for attempts to procure sole-source. In particular, the bill will require: presolicitation notice of 15 days in the Commerce Business Daily before the solicitation material or proposals should be distributed, pre-award notice of 30 days in the CBD before awarding any contract, and Notice of intent to sole-source of 30 days after publication in the CBD before going ahead, unless of course the matter is of emergency importance to national security, as recognized by the committee last week. What is your opinion of these notice requirements?

Answer. S. 338 repeals the current statutory requirement for publicizing intended procurements, Section 8(e) of the Small Business Act (72 Stat. 389; 15 U.S.C. 637(e)), and establishes a new procedure for publishing advance notice of contracts. The new procedure creates burdensome and unnecessary publication requirements that serve no useful purpose. For example, S. 338 would require publishing notices for procurements (1) of perishable subsistence supplies, (2) of utility services, or (3) where only foreign sources are to be solicited. Publication of such requirements would create unnecessary paperwork, delay needed acquisitions, and result in added administrative cost without a corresponding benefit to industry or the Government. The present statute exempts these purchases from the prepublication notice requirement in recognition of the impracticality of getting wider competition. The present statute, but not S. 338, also permits procuring agencies and the Small Business Administration to agree where publication would be neither appropriate nor reasonable. Other detailed comments on S. 338 are being prepared for future testimony on the proposed legislation.

100,000 PRICE CERTIFICATION THRESHOLD

In the some bill I had an amendment that would lower the dollar threshold for requirement of price certification by the contractor from \$500,000 to \$100,000 for the Department of Defense—restoring the level that was raised two years ago in the fiscal year 1982 DOD Authorization Bill. The Bill language also applied the statutory language on the requirement for price certification to the rest of the federal government, it had been applied by regulation, and my amendment made that threshold \$100,000 as well.

Question. Why would DOD be opposed to such a move since the certification can be very useful for resolution of later disputes?

GAO claims the cost of administration is less than the money saved?

Answer. DOD would not favor a move to reduce the threshold from the current level of \$500,000 to \$100,000 for several reasons. First, we proposed the increase from \$100,000 to \$500,000, in part, to account for the impact of inflation that has occurred in the national economy, since the inception of the "Truth-in-Negotiations" Act in 1962. Secondly, to ameliorate paperwork burdens on contractors and to permit more efficient use of DOD resources. Increasing the threshold to \$500,000 has significantly reduced for the Government and its contractors the volume of paperwork incident to administering the requirements of the Act. The increased threshold, however, has not diminished the value of the Act because the total dollar value of DOD procurement subject to the Act has been reduced by a relatively insignificant amount.

ACQUISITION INITIATIVES

Question. Secretary Thayer, in your testimony you estimate that the S2 acquisition initiatives and other improvements to management and operations will produce about \$30 billion in savings by the end of fiscal year 1988. Will you provide a list for the record that breaks this savings figure into actions taken, and by initiative the dollar amount saved by each?