



UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

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NATIONAL SECURITY AND
INTERNATIONAL AFFAIRS DIVISION

NOVEMBER 20, 1984

B-215976

RELEASED

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The Honorable Henry B. Gonzalez
House of Representatives

Dear Mr. Gonzalez:

Subject: Contracting of Various Functions Under OMB
Circular A-76 at Selected Air Force Installations
in San Antonio, Texas (GAO/NSIAD-85-17)

In your August 12, 1983, letter and at a subsequent meeting with your office, you asked us to review five commercial functions at two Air Force installations in San Antonio, Texas. These functions--food services, clothing alterations, and hospital housekeeping at Lackland Air Force Base (AFB) and the motor pool and Precision Measurement Equipment Laboratory (PMEL) operation at Kelly AFB--were contracted out under the provisions of Office of Management and Budget (OMB) Circular A-76. You asked us to determine (1) whether projected savings by contracting were realized, (2) the derivation of savings, (3) the effect on personnel, considering such factors as pay, job security, and pension and fringe benefits, (4) whether contractor operations have been efficient and responsive to government requirements, (5) the level of competition for the contracts, and (6) whether the experience requirement for managing and operating a hospital aseptic management system (HAMS) restricts competition.

Our review of the five commercial functions was somewhat limited by the unavailability of data. Cost comparison information and data on the disposition of displaced employees could not be located for the hospital housekeeping and the food services functions because of the long period of time since they were converted to contract; the functions were initially contracted 26 and 10 years ago, respectively.

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FINDINGS AND CONCLUSIONS

Our review of the five Air Force functions showed that:

- For the three functions on which cost comparison data was available--motor pool, clothing alterations, and PMEL operation--savings were realized for the motor pool and clothing alterations functions, but were not realized for the PMEL function.
- Savings resulted primarily because the contractors used fewer employees and paid lower wages than the government.
- When the functions were converted to contractor operation, most displaced workers obtained other government jobs. Few employees went to work for the contractors.
- The basic wages, fringe benefits, and job security of contractor employees were less than those provided to government workers doing similar work.
- Except for the PMEL operation, contractor performance has been satisfactory and responsive to government needs.
- For all five functions, contracts were awarded through competitive bidding. Multiple bids were received on each contract solicitation.
- The HAMS bidding requirement is not unduly restrictive.

Our findings are discussed in detail below. Enclosure I summarizes our findings for each of the five commercial functions.

SAVINGS REALIZED ON TWO OF
THREE CONVERSIONS WHERE COST
COMPARISON DATA WAS AVAILABLE

OMB Circular A-76 directs government agencies to rely on the commercial sector for its commercial products and services as long as it is more economical. A comparison of the cost of contracting and the cost of in-house performance is usually required in order to determine who will do the work. OMB Circular A-76 cost comparison data was available on three of the functions we reviewed.

The cost comparisons projected savings by contracting out the functions. We found that savings were being realized on the motor pool and the clothing alterations functions, but costs for the PMEL function had increased substantially.

Savings of \$837,537 for the clothing alterations function over a 3-year period and \$432,240 for the motor pool function over a 30-month period were projected by contracting rather than performing the work in-house with government employees. Contract modifications resulted in cost increases. However, all of the increases in the clothing alterations contract and 97 percent of the increases in the motor pool contract were for wages authorized under the Service Contract Act.¹ This act requires federal contractors to pay their employees the prevailing minimum wage as determined by the Department of Labor (DOL) based on the type of work and the locale. When the prevailing minimum wage increases, contracts must be modified to pay the higher wages. Since pay increases to government employees would generally have approximated these increases had the functions remained in-house, projected savings are being realized.

The contract estimate for operation of the PMEL was \$2,099,246 for fiscal years 1980 through 1982. Projected savings by contracting were estimated to be \$466,007. However, actual payments to the contractor during this period totaled \$4,060,570. The increased cost, as documented in contract modifications, was necessary to overcome such problems as performance shortfalls, backlogged repair work, and a need for additional contractor employees. (Contractor performance is discussed on page 8.) For example, a modification effective December 1, 1981, increased the contract price by \$786,870 to increase the number of contractor technicians from 29 to 45 and to pay overtime to expedite emergency and major repairs.

At the conclusion of our field work on the PMEL contract, the Air Force was preparing to solicit bids for a new cost comparison study under OMB Circular A-76 to determine whether it would be more economical to continue contracting or perform the function in-house.

¹The McNamara-O'Hara Service Contract Act of 1965, as amended (41 U.S.C. 351, et seq.).

DERIVATION OF SAVINGS

For the two functions for which savings were realized, the cost comparison studies showed the contractors could perform the work at a lesser cost than the government primarily because (1) the contractors used fewer employees than did the government and (2) the contractors' pay scales, generally based on DOL wage rates under the Service Contract Act, were lower than the government's.

Fewer contractor employees

Contractors can use fewer workers than the government because they generally provide the minimum benefits for vacation and sick leave required by the Service Contract Act, which are less than those provided to government workers. This results in employees spending more time on the job and, consequently, contractors can hire a lesser number of employees and still get the work done. Also, contractors can more readily replace unproductive and unreliable employees.

We noted in the motor pool cost comparison, for example, that the contractor estimated a need for 28 fewer employees than the government to operate the motor pool. The government's estimate was based on 164 full-time employees while the contractor estimated a need for 136 employees. After conversion, the contractor's workforce stabilized at 128 employees. The contractor performed the work satisfactorily with fewer employees, and even decreased the vehicle down-time rate from the prior government rate.

Lower contractor wages

Contractors usually pay minimum required wages. Government workers performing similar services tend to hold their jobs for longer periods of time, thus building up service tenure and over the long run receiving higher hourly wages. For example, the projected average wage for government employees operating the motor pool was \$8.14 an hour, while the contractor's average wage shortly after conversion to contract was \$5.18 an hour. Similarly, the government estimate showed an average wage of \$6.71 an hour for government employees in the clothing alterations function, while the average wage for contractor employees during

the first year was \$3.47 an hour. Examples of wages for four specific types of work involved in the contracts we reviewed for the motor pool and clothing alterations functions are shown below.

<u>Type of work</u>	<u>Government hourly rate at time of conversion</u>	<u>Contractor hourly rate at time of conversion</u>
Vehicle driver	\$6.79 - \$8.24	\$3.35 - \$5.32
Mechanic	6.80 - 9.64	6.19
Seamstress	6.11 - 6.84	3.35 - 3.60
Tailor/fitter	7.21	3.35 - 3.60

These findings are consistent with the results of a study² we made of 12 conversions to contract. In our report on that study, we concluded that cost savings by contracting out were generally attributable to differentials in personnel costs between in-house and contractor performance. That is, the contractors generally planned to use fewer employees and to pay their employees less than government employees were receiving to do the same work.

EFFECT OF CONTRACTING ON DISPLACED GOVERNMENT EMPLOYEES

Information on displaced government employees was available for three of the five functions converted to contract. This information showed that most displaced employees obtained other government positions. At the motor pool, 148 employees were performing the work when it was converted to contractor operation. Of these, 128, or 87 percent, obtained other government positions, 19 retired, and 1 resigned. Eight of the retirees went to work for the contractor. When the clothing alterations shop was converted to contract, 19 employees were affected. Of these, 17, or 90 percent, obtained other government positions, 1 retired, and 1 temporary employee went to work for the contractor. Complete information was not available to show what happened to PMEL employees. However, we found that about 98 government workers were performing the work at the time of conversion, and that at least 70 either transferred to other government jobs or retired.

²Factors Influencing DOD Decision to Convert Activities From In-House to Contractor Performance (PLRD-81-19, Apr. 22, 1981).

A Department of Defense report, issued in March 1984, showed similar results. Defense agencies reviewed 235 contracts awarded under OMB Circular A-76 between October 1, 1980, and October 1, 1982. The report showed that of 9,650 employees affected, 9,035, or 94 percent, were either placed in other government jobs or retired. Of the remaining 615, about half obtained employment with the contractors.

COMPARISON OF GOVERNMENT AND
CONTRACTOR FRINGE BENEFITS
AND JOB SECURITY

Fringe benefits and job security for contractor employees on service-type contracts were not as favorable as those provided to government employees. As discussed above, however, few government employees ended up working for contractors after a function was contracted out. Therefore, most displaced government employees were not affected. Our comparison was limited to the five functions discussed in this report.

Fringe benefits

Leave allowances, pension plans, health insurance, and similar benefits provided to contractor employees were not as good as those provided to government employees. Contractor employees generally received the minimum required fringe benefits specified in DOL wage determinations. The following table shows, as an example, the standard government fringe benefits and contractor-furnished fringe benefits for the food services function.

<u>Type of benefit</u>	Fringe benefits for contractor food service employee (per wage determination statement dated 8/15/83)	<u>Standard government fringe benefits</u>
Vacation leave	1 week after 1 year. ^a 2 weeks after 2 years. No provision for carry-over.	13 to 26 days per year depending on length of service. Accrues bi-weekly from service start date; can carry-over up to 30 days into succeeding year.
Sick leave	None provided.	13 days per year; accrues biweekly; can accumulate indefinitely.
Health and welfare	Paid at the rate of \$.32 an hour.	Optional: Variety of health care plans; government sponsored program through payroll deduction and government pays a share of the cost.
Paid holidays	7 per year.	9 per year.
Retirement or pension (other than social security)	None provided.	Civil service retirement system.
Life insurance	None provided.	Optional: Government sponsored program through payroll deduction.

^a Length of service includes the whole span of continuous service with the present (successor) contractor, whenever employed, and with predecessor contractors in the performance of similar work at the same federal facility.

Job security

Employees, contractors, and Air Force program managers told us that contractor employees have less job security than government employees. Contractors can more easily replace unproductive

or unreliable employees because they are not subject to the administrative and appeal procedures available to government employees. Also, when contractors change, new contractors are not required to hire the former employees. For example, we became aware of an occurrence at Brooks AFB in San Antonio which illustrates contractor employees' lack of security when contractors change. A new contractor took over the janitorial services function in February 1984 and refused to hire any of the former contractor's employees. According to the National Labor Relations Office, the new contractor had no legal obligation to hire any of the former employees.

PERFORMANCE OF MOST CONTRACTORS
HAS BEEN SATISFACTORY

Contractor operations for four of the five functions have been satisfactory and responsive to the Air Force's needs. Contractor performance was satisfactory in operating the motor pool, clothing alterations, food services, and housekeeping functions. However, problems have occurred in contractor operation of the PMEL. After conversion of the PMEL to contractor operation, a large backlog of items to be repaired occurred, some items were not repaired in a timely manner, and some work did not meet technical specifications. Customer units reported negative impacts on their ability to meet full mission requirements because of lack of adequate PMEL support. Because of these performance shortfalls, the Air Force increased the contract price to provide for more contractor employees and pulled part of the workload back in-house and is incurring cost for this work.

The contractor maintained that inadequate Air Force support during the first year of the contract contributed to the performance problems. As a result, the contractor submitted a claim in which it charged, among other things, that government laboratory personnel were uncooperative, the government facility was in disarray, equipment was missing, and government furnished equipment was not provided in a timely manner. The Air Force paid the contractor \$61,029 to settle the claim.

As indicated on page 3, the PMEL operation is being restudied in accordance with OMB Circular A-76 to determine whether it will be less costly to contract or perform the function in-house.

According to Headquarters, Air Force Logistics Command officials, the problems with contractor operation of the PMEL at Kelly AFB were not peculiar to that PMEL. The four other air logistics centers' PMELs have also had contract performance

problems to varying degrees, particularly during the first two years of contracting. Contractor performance reportedly improved after new contractors took over at two of the PMELs and major modifications were effected on contracts at two other PMELs. The Air Force apparently contributed to the performance problems since payments totaling \$812,961 were made to settle claims the contractors filed relevant to the PMELs.

CONTRACTS AWARDED COMPETITIVELY

Contracts for all five functions have been awarded through competitive bids. Solicitations have resulted in multiple bidders. The number of bids have ranged from 3 to 15 and have come from local and state contractors as well as from states outside of Texas. The following table shows the number of bids received for each contract on the five functions.

<u>Function</u>	<u>Date of bid opening^a</u>	<u>Number of bids</u>
Food services	b	9
	1/18/77	9
	4/15/80	3
	3/21/83	13
Housekeeping	c	c
	8/15/77	15
	8/25/81	6
PMEL operation	3/12/79 ^d	6
Motor pool	11/13/80	3
	8/16/83	7
Clothing alterations	7/21/80	6
	9/12/83	4

^aContracts are generally competed every 3 years.

^bDate of bid opening was not available. The function was converted to contract in 1974.

^cDates of bid openings and numbers of bids were not available for solicitations made during the period 1958 to 1977.

^dThis is a 5-year contract.

The motor pool, clothing alterations, and PMEL functions have been set-aside for small businesses under the small business set-aside program. The purpose of the set-aside program is to ensure that small businesses receive a fair share of government contract awards.

Bidding requirement for
Air Force hospitals not
unduly restrictive

The Air Force solicits technical proposals for hospital housekeeping services from interested firms and then negotiates with firms found to be qualified by a technical review board. The standard solicitation and the related performance work statement requires bidders to have 2 years experience in managing and operating a hospital aseptic management system (HAMS) program. The Air Force Surgeon General's Office established the 2-year requirement in 1975 to insure that bidders are experienced in providing aseptic services in the critical areas of surgery, labor and delivery, newborn nursery, and recovery. The experience could be obtained in either private hospitals or other government hospitals.

Unsuccessful contractors have challenged the HAMS solicitation requirement asserting that the experience requirement unduly restricts competition by eliminating otherwise qualified contractors from competing. In an April 1983 decision (see enclosure II), the Comptroller General determined that the requirement is not unduly restrictive and that an agency has the right to determine its actual minimum needs.

OBJECTIVE, SCOPE, AND METHODOLOGY

To respond to the questions raised, we reviewed the policies and procedures in OMB Circular A-76 and related Air Force regulations and implementing instructions. We reviewed contract files; cost comparison data; and audit and quality assurance reports on the functions contracted. We interviewed contracting and program officials at Lackland AFB and Kelly AFB, San Antonio, Texas; the San Antonio Contracting Center; and Headquarters, Air Force Logistics Command, Wright-Patterson AFB, Ohio.

We obtained information on employee wages, benefits, and job security from contractors and their representatives, current and

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former government and contractor employees, DOL officials, and a representative of the Air Force Industrial Labor Relations Office.

Our review, which was conducted from November 1983 through June 1984, was made in accordance with generally accepted government auditing standards.

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As requested by your office, we did not obtain official agency comments on this report. Unless you publicly announce its contents earlier, we plan no further distribution of this report until 5 days from the date of the report. At that time we will send copies to the Secretaries of Defense and the Air Force; the Director, Office of Management and Budget; and the Administrator, Office of Federal Procurement Policy. We will also make copies available to others upon request.

Sincerely yours,



Frank C. Conahan
Director

Enclosures - 2

SUMMARY STATISTICAL DATA
ON FUNCTIONS REVIEWED

Food Services
Lackland Air Force Base, Texas

Cost comparison estimates (3-year period)

In-house performance	\$19,764,048
Contracting-out performance	<u>17,005,313</u>
Savings by contracting out	<u>\$ 2,758,735</u>

Contract price and increases

Information is not available on actual contract costs and increases for the original conversion. Therefore, we could not determine if cost savings were realized.

Contractor performance

Two contractors have performed this function since it was converted in 1974. Contract performance information is available only on the current contractor who began providing services on August 1, 1980. The contractor's performance has been satisfactory.

Level of competition

<u>Bid opening date</u>	<u>Number of bids</u>
Not available	9
1/18/77	9
4/15/80	3
3/21/83	13

Clothing Alterations Shop
Lackland Air Force Base, Texas

Cost comparison estimates (3-year period)

In-house performance	\$2,243,340
Contracting-out performance	<u>1,405,803</u>
Savings by contracting out	<u>\$ 837,537</u>

Contract price and increases

<u>Performance period</u>	<u>Contract price</u>	<u>Price increases</u>
10/1/80 to 9/30/83	\$894,600	\$11,760

The price increase was for DOL wage increases.

Contractor performance

The function was recently rebid and a different contractor won the competition. Performance by both contractors has been satisfactory.

Level of competition

<u>Bid opening date</u>	<u>Number of bids</u>
7/21/80	6
9/12/83	4

Housekeeping
Wilford Hall Medical Center
Lackland Air Force Base, Texas

Cost comparison estimates

Function has been contracted out since at least 1958 and this information was not available.

Contract price and increases

Information is not available for the original conversion.

Contractor performance

Information is not available prior to 1979. Since that time contractor performance has been satisfactory.

Level of competition

<u>Bid opening date</u>	<u>Number of bids</u>
Not available 1958 to 1977	Not available
8/15/77	15
8/25/81	6

Vehicle Operation and Maintenance
Kelly Air Force Base, Texas

Cost comparison estimates (30-month period)

In-house performance	\$15,216,758
Contracting-out performance	<u>14,784,518</u>
Savings by contracting out	<u>\$ 432,240</u>

Contract price and increases

<u>Performance period</u>	<u>Contract price</u>	<u>Price increases</u>
7/1/81 to 9/30/83	\$9,384,349	\$978,518

Price increases of \$950,868, or 97 percent, were for DOL wage increases. The remaining \$27,650 was for miscellaneous change orders.

Contractor performance

The function was recently re-bid and a different contractor won the competition. Performance by both contractors has been satisfactory.

Level of competition

<u>Bid opening date</u>	<u>Number of bids</u>
11/13/80	3
8/16/83	7

Precision Measurement Equipment Laboratory
Kelly Air Force Base, Texas

Cost comparison estimates (3-year period^a)

In-house performance	\$3,110,012
Contracting-out performance	<u>2,644,005</u>
Savings by contracting out	<u>\$ 466,007</u>

^a 5-year contract with 3 years priced.

Contract price and increases

<u>Performance period</u>	<u>Contract price</u>	<u>Price increases</u>
10/1/79 to 9/30/82	\$2,099,246	\$1,961,324
10/1/82 to 9/30/83	\$2,153,480	\$ 126,020

The price increases resulted from modifications for such items as pay for additional technicians and overtime applicable to emergency and priority repairs and DOL wage increases.

Contractor performance

Contractor performance deficiencies occurred particularly during the first 2 years of the contract. Production output at various times was inadequate, production quality was inadequate to varying degrees, and the contractor was not able to perform certain portions of the contract workload. The contractor maintained that the Air Force contributed to the causes of the performance problems during the first year of the contract because Air Force lab personnel were uncooperative and government-furnished equipment was not timely provided.

Level of competition

<u>Bid opening date</u>	<u>Number of bids</u>
3/12/79	6

ENCLOSURE 11
DECISION



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

FILE: B-208307

DATE: April 5, 1983

MATTER OF: Scientific Industries, Inc.

DIGEST:

Protest that experience requirements in a solicitation for hospital aseptic management services unduly restrict competition and exceed Government's actual needs is denied where protester has not shown that the contracting agency's belief that such experience is necessary to assure an acceptable level of cleaning in critical hospital areas is unreasonable.

Scientific Industries, Inc. protests as unduly restrictive certain experience requirements in request for proposals (RFP) No. F33600-82-R-0329, issued by Wright-Patterson Air Force Base for hospital aseptic management services (HAMS) at 14 facilities. We deny the protest.

The solicitation required that an offeror submit, as part of its technical proposal, a statement of experience in a HAMS program. The solicitation provided:

"1. Experience

"(A) * * *

"(B) Offerors must have obtained experience in managing and performing a hospital aseptic management system (HAMS) program as described in the performance work statement entitled 'Hospital Aseptic Management System' dated January 1982. Offerors must have been regularly engaged in the business of providing aseptic services in the critical areas of: surgery (pre-schedule, post-case, and end-of-day cleaning), labor and delivery, newborn nursery and recovery. The minimal acceptable experience is performance of hospital aseptic management system services

for 24 months within the previous 36 months from the date established for receipt of initial proposals * * *."

Scientific protests that the experience requirements are too restrictive for it to submit a proposal. Scientific asserts that the requirements unduly restrict competition by eliminating otherwise qualified contractors from competing; Scientific suggests that a contractor's presentation in its technical proposal provides a more than adequate basis for evaluation of a contractor's understanding and ability to perform the required services without the need for restrictive experience requirements. In support of its position, Scientific asserts that it is a qualified contractor which has performed housekeeping services in comparable hospitals but that it lacks experience in cleaning certain "critical areas," such as surgical areas, because various installations did not permit Scientific to clean these areas even though the work was included within the scope of its contracts. Rather, agency technical personnel allegedly performed the cleaning of these areas (although Scientific nonetheless received payment for these services).

Scientific also traces the history of HAMS procurement since its inception in 1975. The protester contends that conditions which initially justified the use of such stringent experience requirements no longer exist since the Air Force has now acquired over 7 years of continuous services from HAMS contractors. Scientific argues that the Air Force, by the use of a standard "Task and Frequency Chart," now details its minimum needs for each facility acquiring these services. Scientific contends that the development of such charts "reduces severely the requirement for a great deal of experience in management expertise since procedures in tasks and frequencies have been developed which simply require capable contractors * * * to carry out these [tasks]." Scientific alleges that the Air Force technical support personnel in fact perform or supervise contractor's employees in performing the cleaning of critical areas, thus rendering the Air Force's emphasis on the cleaning of critical areas by contractors a "farce."

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Scientific also notes that it requested the Air Force to permit the personal experience of its vice president to be substituted for the corporate experience requirements of the solicitation but that the contracting officer refused to do so. The Air Force further refused to consider Scientific's willingness to hire incumbent personnel who would continue to perform their current tasks without any disruption should Scientific be awarded the contract.

The Air Force states that the experience requirements contained in the solicitation have existed since the inception of the HAMS program. The requirement for 2 years experience was established by the Air Force Surgeon General's Office to insure that contractors performing cleaning services in the critical areas of surgery, labor and delivery, newborn nursery, and recovery have previously demonstrated their ability to maintain aseptic conditions. Further, the Air Force notes that in many instances a contractor's written procedures for maintaining the appropriate levels of asepsis in critical, sub-critical and support areas within the medical facility become that facility's written program for evaluation by the Joint Commission on Accreditation of Hospitals to determine whether the facility is to receive further accreditation. Since the Air Force does not have "back-up" technical personnel for cleaning the critical hospital areas, it must rely solely on contractors to perform the services. Thus, the Air Force Surgeon General reasoned that 2 years of continuous service were needed to provide the Air Force with the assurance that its minimum needs in asepsis would be satisfied. The Air Force denies that its personnel are performing or supervising any contractor's employees in the performance of aseptic services at any of its hospitals, and asserts that since there are eight fully capable contractors that meet the experience requirement and have responded to HAMS solicitations, considerable competition always has been obtained.

In regard to Scientific's request to substitute officer and employee experience in lieu of corporate experience, the Air Force states that inexperienced offerors have made numerous attempts to circumvent experience requirements by appointing former Air Force housekeepers as vice presidents or representing hospital work performed as being equivalent to HAMS when in fact the contracts involved housekeeping services. The Air Force states that

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the Surgeon General concluded that there was a need for the "business momentum" of a stable and mature organization with 2 years experience operating as a functioning unit, thus having the "stability, resiliency and other characteristics of management" to provide the necessary optimal performance as soon as the contract term begins. The Air Force states that it will not permit "on-the-job-training" when the health and welfare of its personnel are involved.

We cannot conclude that the experience requirements of the RFP are unduly restrictive. The question of necessary contractor qualifications is a matter dictated in large part by the minimum needs of the Government. Although restrictive requirements should be limited to maximize competition among potential offerors, we consistently have held that the contracting agencies are primarily responsible for determining the Government's minimum needs, as well as the methods of accommodating those needs. Manufacturing Data Systems Incorporated, B-180608, June 28, 1974, 74-1 CPD 348. They are in the best position to draft appropriate specifications since they are familiar with the conditions under which previous procurements have been performed, and what future requirements should be. Particle Data, Inc.; Coulter Electronics, Inc., B-179762, B-178718, May 15, 1974, 74-1 CPD 257; Manufacturing Data Systems Incorporated, B-180586, B-180608, January 6, 1975, 75-1 CPD 6. Consequently, we will not question an agency's determination of what its actual minimum needs are unless there is a clear showing that the determination has no reasonable basis. Maremont Corporation, 55 Comp. Gen. 1362 (1976), 76-2 CPD 181.

Further, once an agency, as here, has established prima facie support for its contention that the specification which the protester is challenging as unduly restrictive is reasonably related to its needs, the burden of proof lies with the protester to show that the Government's insistence upon it is clearly unreasonable. Allied Security, Inc. of Maryland, B-201365, May 4, 1981, 81-1 CPD 337. Here, the record shows that the needs of the Air Force include the cleaning of critical areas of hospitals such as surgery, labor and delivery, newborn nursery, and recovery, and that while management is an inherent and

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often essential part of any procurement contract, effective management is particularly necessary in HAMS situations. See Tidewater Protective Services, Inc., and others--reconsideration, 56 Comp. Gen. 649, 653-4 (1977), 77-1 CPD 361. Also, we have found reasonable, in connection with other protests involving HAMS procurements, the Air Force's general position that, because crucial health concerns are involved, the agency's minimum needs can be satisfied only by the highest possible aseptic environment and thus the best available service. Id; Harris Systems Pest Control, Inc., B-199636, May 27, 1981, 81-1 CPD 413. In view of these considerations, we do not believe it is unreasonable for the Air Force to insist upon obtaining contractors experienced in all phases of the necessary effort to perform the work. Essentially for the same reasons, we do not believe the length of experience required by the Air Force--2 years of organizational experience--or the requirement for organizational, as opposed to employee, experience, has been shown to be unreasonable.

On the basis of the record before us, we conclude that Scientific has not met its burden of showing that the specification is unduly restrictive.

The protest is denied.

Milton J. Aroslan
for Comptroller General
of the United States