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Folder Title:
Forest Conference-Small Business Administration (SBA) Set Asides

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S	61	7	2	3

MEMORANDUM TO: Paul Richard

FR: Will Stelle

RE: Small Business Timber Initiative

DATE: 4 November 93

The proposal to expand SBA set-asides in Federal timber sales is very controversial. The President's forest plan for the northwest called for the agencies to examine the issue, and I think it holds substantial promise. But it is controversial.

My recommendation is to allow the Administration (with the SBA) to explore the issue in the context of the northwest forest plan. I would caution against a full blown "national review" because it will raise the stakes and threaten our ability to get something done in the northwest.

There, the interagency implementation team for the President's plan have put together a Small Business and Secondary Manufacturing Study Group for the Forest Products Industry, which is scoping out the options for expanding the small business opportunities in the forest program. I would suggest that the Washington SBA people participate and monitor how that regional effort proceeds before launching a big national review.

I hope this is helpful. Please let me know if more is needed or useful.

cc. ~~K. McGinty~~

Will -- we need to be very supportive of this! I agree that energies should be expended now at the regional not ~~the~~ national level. However, learn that Bowles is personally paying attention to this at VP's request. We must do smthg for small guys -- especially if we move on 4(d) rule. Please draft a letter of encouragement, etc from me to Bowles.

It should probably also
explain a bit about
4(a) rule & how it is
even more important to
be supportive of
small business.
K

U.S. SMALL BUSINESS ADMINISTRATION
WASHINGTON, D.C. 20416

OFFICE OF THE ADMINISTRATOR

DATE: OCT 18 1993

OCT 21 1993

TO: Bill Clinton
President of the United States

THRU: Mack McLarty
Chief of Staff

FROM: Erskine B. Bowles
Administrator, Small Business Administration

SUBJECT: Northwest Timber Issues

From September 28 to October 1, 1993 I was in Portland, Oregon, for a Town Hall Meeting. While I was there, at the suggestion of Vice President Gore, I met with Dave Ford and twenty members of the Western Forest Industries Association, the Small Business Timber Council, Oregon Association of Home Builders and the Western Wood Products Competitiveness Corporation. I listened to their concerns and suggestions. They are as follows:

1) Given that the capacity of the small wood products industry is 4 billion board feet per year, and that the timber plan calls for a federal lands harvest of 1.2 billion board feet, the small business set-aside should be increased because:

- the large wood products industry has adequate resources because they own timber land from which they can harvest, and thus are not as dependent upon federal sales as small businesses are; and,

- small businesses use the resource more efficiently and are crucial to communities that are dependent upon them staying in business.

2) That local input be given on the allocation and disbursement of the $1.2 billion that is allocated for economic adjustment in the current Timber Plan.

3) That in it's capacity as the champion of small business issues, the SBA and it's Administrator advocate a position that supports and defends the interests of the small wood products businesses. In addition the SBA should assign a staff person that is knowledgeable about this issue to advise and focus on this issue.

In order to respond to the needs of these businesses I am, or will with your approval, be taking several steps. I would like to have a national review to address the small business issues. The review would be conducted in three meetings: one between SBA and the small business forest products industry community; one between SBA and the land managers, the U.S. Forest Service and the Bureau of Land Management, to discuss the small business issues and propose a plan to resolve them; and, a final meeting with all involved federal agencies and the forest products industry generally to review the plan for implementation.

I have asked my own representative to the Multi-Agency Command of the Northwest Economic Adjustment Initiative, Dayton Watkins, to explore every possibility for assuring that small firms have full opportunity to participate in the availability of the $1.2 billion dollars for economic adjustment. He will be a vigorous champion of the small business community in all aspects of the initiative.

~~Finally, I~~ will assure you that this is a high-priority matter for the SBA Office of Procurement Assistance, where our timber set-aside program is placed.

I have designated Bill Combs of my personal staff to work directly with Bob Moffitt, my Associate Administrator for Procurement Assistance, to assure that we do everything we can for small business. Bob's deputy, Gene VanArsdale, as recommended at the recent meeting with the industry, will advise and serve as an SBA contact point for the forest products industry.

I believe these actions are consistent with Clinton Administration policy, and take into consideration both sides of this difficult issue.

Will FAll

Western Council of Industrial Workers

UNITED BROTHERHOOD OF CARPENTERS AND JOINERS OF AMERICA

(503) 228-0235
FAX (503) 228-0245

BLUE MOUNTAIN
CENTRAL CALIFORNIA
CENTRAL OREGON
CENTRAL WASHINGTON
COOS BAY

INLAND EMPIRE
NORTHERN CALIFORNIA
PACIFIC NORTHWEST
PORTLAND COAST COLUMBIA
PUGET SOUND
WILLAMETTE VALLEY

WESTERN COUNCIL OF INDUSTRIAL WORKERS UBC

721 S.W. OAK STREET PORTLAND, OREGON 97205

December 17, 1993

The Honorable Ron Wyden
U.S. House of Representatives
1111 Longworth House Office Building
Washington, DC 20515

Dear Congressman Wyden:

It is disturbing and very disappointing that your field hearing December 15, 1993 concerning the SBA timber sale program did not include a witness from any union organizations representing forest industry workers. This is especially troublesome when the major topic under consideration was whether value-added manufacture under the SBA program would create employment at family wage levels. Our union is certainly as qualified and as experienced in these issues as many of the witnesses that appeared. We also have some perspectives that were not necessarily highlighted at the hearing.

First, I hope you understand some of the dynamics surrounding SBA timber sales. Since there is such a drastic reduction in USFS and BLM timber sale quantities in the Pacific Northwest due to court injunctions and Option 9, SBA operators are seeking ways to secure a larger piece of the shrinking timber supply pie. Instead of squabbling over how to divide up this dwindling supply, members of Congress like yourself would better serve workers in the forest products industry -- indeed the entire PNW economy -- by finding an alternative to Option 9 and working to pass the necessary legislation. Option 9 is a failure. With the exception of a paltry 83 million board feet, timber sales are still enjoined and there is no way under the sun the plan will <u>ever</u> produce 2.1 billion board feet annually.

If there is a desire to link employment and "family wage" criteria to the SBA timber sale program, we have some recommendations. There is a strong case to be made to establish some sort of criterion in this area since currently we will find SBA firms that pay the prevailing standard industry wage negotiated by our union and we find SBA firms that pay half those rates. I would also point out there are medium and large companies that pay fair family wages because they are unionized employers who are not eligible for the SBA program. If they provide "family wage" jobs it could be argued they ought to have access to timber sales now reserved for SBA firms that employ fewer than 500.

We suggest, however, that it would be entirely appropriate to add "prevailing wage" requirements to SBA timber bidders. This is a common practice when the government contracts out construction work (i.e., Davis-Bacon) or services (Service Contract Act) to ensure that the government is not undermining wage standards already established in a community or region.

Alternatively, a system could be worked out to give SBA timber bidders a credit or discount on the sale based on whether or not they meet a prevailing wage test. Thus, the SBA firms that provide genuine family wage jobs and the corresponding income stream to the community would receive a built-in discount on timber purchased.

If the SBA program continues, we are opposed to increasing the percentage the SBA employers receive.

I hope these thoughts are useful.

Sincerely yours,

WESTERN COUNCIL OF
INDUSTRIAL WORKERS

MICHAEL DRAPER
Executive Secretary

MD:pg
opeiu 11/afl-cio

cc: U.S. Senator Mark Hatfield
U.S. Representative Peter DeFazio
U.S. Representative Elizabeth Furse
U.S. Representative Norman Dicks
Tom Tuchmann, Director, U.S. Office on Forestry & Economic Development
Katie McGinty, Director, White House Office on Environmental Policy

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WPCC, Inc.
An Association of Secondary Wood Products Manufacturers
20354 Empire Avenue, Suite D3 • Bend, Oregon 97701
Phone (503) 388-6372 • Fax (503) 388-6362
Toll Free in Oregon (800) 548-8438

Fax Memorandum

To: Will Stelle
White House Office on Environmental Policy
Fax: 202/456-2710

From: Ray Daffner, Executive Director

Date: November 1, 1993

Subject: Supply Programs for Secondary Industry

Will, thank you for the time last week.

As we discussed, attached is a proposal to initiate a working group to develop supply programs for secondary and small primary wood producers in the Northwest. Although there have been commitments to study these concepts, so far no action has been taken by the agencies. If the White House can take the lead in directing the agencies to initiate this process, I think we can save some jobs that would otherwise be lost, and generate some positive industry support -- or at least mitigate some negative impressions.

Thank you for your help.

FAX TO TOM TUCKMAN, THEN
FILE UNDER SBA SET-ASIDES

C:winword/forsuin/STELLE.111; 11/01/93

11.04.93 04:35 PM

FOREST PRODUCTS JOB DEVELOPMENT GROUP

Problem Statement: As a result of the President's Northwest Forest Plan, and other economic forces, dependant communities of the Northwest will experience changes in the amount and type of timber offered from federal lands. Many small rural timber dependant communities will be forced to convert from a timber based economy to one which is more balanced. In the short run this will result in sever economic disruption and dislocations.

Goal: To develop alternatives to ensure the public timber sale program maximizes employment from whatever timber is available.

Planning Process Outcomes:

- Create a series of options focusing on how best to maximize employment in those communities which are most dependent on the sale of federal timber, including:

  A. preferential fiber usage;

  B. access to working capitol;

  C. working partnerships with public and private sector to develop and enhance value added manufacturing;

  D. Access how best to utilize Adaptive Management Areas to help meet the goal of maximizing employment and economic impact from federal timber sales.

  E. Assess and identify those rules, regulations and administrative policies which could be changed to help meet the overall goal.

- Assess the job impacts of the various options, as well as capital strategies.

- Develop data to show how options will impact specific dependant communities and companies.

- Develop data to compare community stability and employment before development of the Administrations Forest Plan, as well as after implementation of the plan.

- Recommend a Priority Option

- Recommend regulatory and legal changes require to maximize the potential from the sale of public timber.

Planning Process Particip-ation:

- Participation by two primary manufactures who represent independent manufactures from timber dependent communities.

- Participation by two secondary industry representatives.

- Participation by one senior representative from the Department of Agriculture and the one senior representative from the Department of Interior.

- Participation from the Office of the Governor from the States of Oregon, Washington, and California.

- Staff to be identified by the working group.

- Other government specialists as deemed necessary by the working group.

  *Note: FACA requirements may modify team make-up and private industry participation.

Timeline

- Draft Recommendations presented to White House by December 31, 1993.

- Program Implementation no later than February 1, 1993.

Sections 322(c)(5) and (e)(1)(A) of the drafting service bill list a series of funding authorities for wetlands management plan development, and projects and activities undertaken pursuant to such a plan, respectively. The Administration has no objection to the use of these authorities as they relate to planning or plan implementation. However, the Administration's proposal includes establishment of a new freestanding section of the Clean Water Act specifically to fund wetlands activities.

In EPA's FY 1994 and previous budget justifications, wetlands grants funding has been requested relying on the general authority of Section 104 of the Clean Water Act. In the past, grants were only requested to support state program planning activities. The new section of the law would expressly authorize EPA grants to help states plan for: 404 assumption, state program general permits, 401 certification programs, state wetland conservation plans, and watershed management plans with a significant wetlands component. However, the Administration also believes it is appropriate to help states implement these wetland protection programs, once they are approved, as appropriate, by a Federal agency. The new section would therefore continue the current practice of funding wetlands program planning activities with a 25 per cent non-Federal cost-share, but would also fund implementation of wetlands protection programs, with a 50 percent non-federal cost-share.

Section 322(e)(3) would appear to divert an unspecified fraction of 404 permit fees collected by the Corps of Engineers for the use of USDA, DOI, EPA, the Corps, and NOAA to provide technical assistance on wetlands matters. This approach is inconsistent with Administration policy. The Administration's wetlands policy, and more specifically and more recently, the position expressed in the National Performance Review, require 404 permit fees to be retained in the General Fund of the Treasury, to offset certain costs of the Corps' permitting program.