

The original documents are located in Box 11, folder “General Services Administration - Civil Rights Program, 1974” of the Stanley Scott Papers at the Gerald R. Ford Presidential Library.

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EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

DEC 19 1974



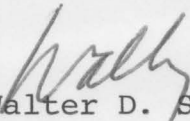
MEMORANDUM FOR STANLEY S. SCOTT

Subject: GSA Civil Rights Program

This is in response to your referral of December 2, 1974, concerning GSA's Civil Rights program. As my staff indicated to you week before last, we would review the GSA material which you forwarded before recommending a resource level for GSA's 1976 Civil Rights program.

The OMB recommended allowance for GSA would add \$255 thousand and 15 positions on top of the initial request submitted by GSA. This 35% increase in staffing over 1974 would provide a 1976 program level of \$5 million and 274 man-years. While this is less than the augmented level suggested in Mr. Mitchell's letter to you of November 25, 1974, it would provide resources consistent with OMB's review of Government-wide contract compliance activities and recommendations from OFCC.

We believe the recommended resources will enable GSA to continue to strengthen its Civil Rights program.


Walter D. Scott
Associate Director for
Economics & Government

UNITED STATES OF AMERICA
GENERAL SERVICES ADMINISTRATION

Office of Civil Rights
Washington, DC 20405



November 25, 1974

Honorable Stanley S. Scott
Special Assistant to the President
The White House
Washington, DC 20500



Dear Stan,

As I indicated in my telephone conversation with you Friday, these are critical times for government's civil rights program. The improvements and successes accomplished in the recent past have only partially alleviated the systemic problems. The resources allocated in the past, while steadily increased, provided significantly less than required, but at least enough for a beginning. Now, during economic times when the need is greatest, and the cost/benefit ratio is highest, some decisions are being made for alleged economy reasons that I believe could result in either catastrophic conflicts between groups of the citizenry of America or, at the very least, a significant lessening of the rate of improvement we have been making in ensuring equitable job opportunity for all Americans.

The situation facing GSA and its civil rights program is undoubtedly but one of those adversely affected, but since it is one I know so well, and has such a broad based potential for obtaining favorable results during this period of inflation/recession, I would appreciate any assistance from you to obtain an objective appraisal and consideration of increasing the personnel and dollar resources allocated for Fiscal Year 1976.

The principal problem seems to be that budgetary decisions to reduce resources are being made, based upon current status (e.g., on board strength, etc.), without considering whether the program is in a growth status as a result of too little prior authorizations and increased scope of work.

In GSA, the number of permanent personnel positions authorized for the Office of Civil Rights is less than one percent of the total strength authorized GSA, yet the current limit during this Fiscal Year 1975 of only 230 permanent positions reflects a reduction of over twenty percent from the congressional limit of 275 and the planned increase of thirteen for a total of 288, as a result of the transfer of contract compliance responsibilities from AID and NASA.

We are still making significant gains in resolving "affected class" problems, increasing opportunities for disadvantaged businessmen and expeditiously resolving complaints of government and private sector employees, but the work load has increased greatly, and the opportunities for beneficial action are so numerous, that the shortages of available personnel resources create extreme frustration. Particularly, when it should be so obvious that increased employment is the answer to most of our economic problems of today.

I have enclosed a few selected items that explain in more detail the specifics of our problems and would be pleased to respond to any questions you might have.

Since we are so far along in this fiscal year and so many decisions, possibly irrevocable have been already made, I'd recommend that your efforts be focused on providing GSA the opportunity to submit a "B" Budget to the Office of Management and Budget for Fiscal Year 1976, that would permit us to recover most of the resources lost during this year and at the very least, provide the necessary capability to meet the most critical of our in-house work load and increase our coverage of our contract compliance responsibilities from about 13 percent to over 20 percent.

Thank you very, very much for your demonstrated interest and consideration.

Sincerely,

(Signed) E. E. Mitchell

E. E. MITCHELL
Director of Civil Rights

Enclosures



GENERAL SERVICES ADMINISTRATION
OFFICE OF CIVIL RIGHTS

SUMMARY RESOURCE COMPARISON

	<u>FY 1974</u>	<u>FY 1975</u>	<u>FY 1976</u>	<u>"B" - FY 1976</u>
<u>Permanent Positions</u>	252	288*	302	372
<u>Average Employment</u>				
Permanent	198.0	241.7	255.0	325.2
Other	<u>3.0</u>	<u>3.5</u>	<u>4.0</u>	<u>4.0</u>
Total	201	245	259	329.2
<u>Total Cost (000)</u>	\$3,542	\$4,508	\$4,745	\$6,060

*Includes 13 to be transferred from AID and NASA.

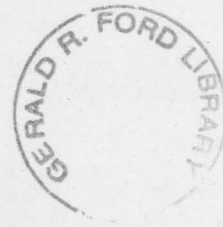


OPENING STATEMENT OF
EDWARD E. MITCHELL
DIRECTOR OF CIVIL RIGHTS
GENERAL SERVICES ADMINISTRATION

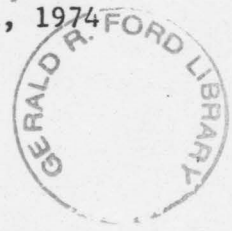
"FEDERAL CONTRACT COMPLIANCE ACTIVITIES IN THE
GENERAL SERVICES ADMINISTRATION"

BEFORE THE
SUBCOMMITTEE ON FISCAL POLICY OF THE
JOINT ECONOMIC COMMITTEE
CONGRESS OF THE UNITED STATES

AT
WASHINGTON, D. C.
SEPTEMBER 11, 1974



September 11, 1974



"FEDERAL CONTRACT COMPLIANCE ACTIVITIES IN THE
GENERAL SERVICES ADMINISTRATION"

By Edward E. Mitchell

I am extremely pleased, and wish to thank you on behalf of Arthur F. Sampson, Administrator of General Services, and myself, for giving me the opportunity to discuss with you the General Services Administration's (GSA's) contract compliance activities.

It was only this morning, just prior to the opening of this hearing, that I was able to obtain a copy of the written statement presented by Mr. Ahart, Director, Manpower and Welfare Division, General Accounting Office. That statement, and the testimony given by Mr. Ahart, reflected the objective, outstanding execution of a difficult task of evaluating a highly technical functional area for the first time. However, it will be difficult for me to adequately respond to some of the allegations made since GSA has not to date been provided documentation of the specifics forming the basis for many of the statements.

I submitted a written statement prior to today's hearing, therefore, with your permission, during the few minutes provided me for an opening statement, I will present a few items of pertinent interest not specifically covered in my previously submitted written statement but responsive to the statements made by the GAO.

In my written statement, I emphasized that now is the time for effective, pragmatic, affirmative action. In accord with this belief, I therefore bring a critical, practical problem to your attention that I hope will be

September 11, 1974



allievated by recent legislative action taken by the Congress.

The established Federal budgetary process is that by which formal approval is given to the goals and objectives of programs, such as that under consideration today, and the levels of resources authorized to ensure accomplishment thereof. In fact, one can pragmatically evaluate whether or not a program is being truly supported, by an objective analysis of the sufficiency of the required resources provided.

Accomplishment of contract compliance activities depends primarily upon the availability of highly motivated, technically qualified individuals.

The official record shows that, together, the Executive and Legislative branches of the Federal Government formally established a GSA Civil Rights Program in FY 71 and provided 275 authorized permanent positions this fiscal year. This reflects a 400 percent increase over FY 1971 when 67 permanent positions were authorized. The contract compliance activities in this program likewise increased approximately 400 percent, from 51 positions in FY 71 to 212 positions in FY 75.

On its face, this record reflects exceptional commitment and support of a very important program. But there are major problems ⁺no so readily visible in the facts that I have just stated.

GSA recognized, and so stated during the successive steps of the budgetary process, that the personnel resources were inadequate to accomplish the universe of twelve Standard Industrial Classification Codes (SIC's)

MORE

September 11, 1974

initially assigned or the twenty-seven SIC's currently assigned. Further, the untimely, delayed receipt of formal documents of appropriation, allocation, and allotment have had the effect of significantly reducing the numbers of personnel actually available to perform the required work. As an example, in FY 1973, 201 permanent positions were authorized, but the delay I mentioned resulted in average employment or man-years of only 174, a reduction of 27. There was a worse situation last year, FY 1974, in which average employment was 208 while permanent positions authorized was 252, a reduction of 44. Our estimates, as a result of receiving formal authorizations just a few days ago, are that with 275 permanent positions authorized, we will probably have average employment of about 235, or 40 persons less than authorized. What this means is that GSA's capability to conduct compliance reviews was reduced approximately 1,000 in FY 1973; 1,700 in FY 1974; and 1,600 this fiscal year, thereby sharply reducing our capabilities to effect desired changes in the work forces of contractors.

I sincerely hope that the new budgetary concepts, processes, procedures and their scheduling will greatly alleviate or eliminate this problem of which I have just spoken so briefly and summarily.

Another item I believe important for your consideration is as follows.

In your evaluation of the effectiveness, or lack thereof, of our performance in executing our contract compliance responsibilities, I hope you give due weight not only to the numbers of reviews we have conducted, the numbers of show cause letters issued or sanctions imposed, but also the innovative actions and the affirmative results we have obtained during the few years

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we have had a formal program actually in being. As examples are the following:

- . We have persuaded more than ten major corporations to sign voluntary agreements that correct, without long, drawn-out costly court actions, practices that historically had denied minorities and women equal job opportunity.
- . This fiscal year we have already signed a voluntary agreement with a major corporation that provides correction of an affected class situation and a payment of back pay of approximately \$1,000 each to the affected class individuals.
- . At the present time, working jointly with the Equal Employment Opportunity Commission (EEOC) personnel we are in the final stages of the conciliation of agreements in West Virginia, Maryland, New Jersey, and Pennsylvania.
- . We inaugurated and conduct periodic workshops for not only our own personnel, but other governmental personnel. In addition, we conduct separate workshops for contractor personnel.
- . We have provided practical guidance and assistance to other Federal agencies and state governmental organizations, including the District of Columbia, in their development of contract compliance policies, and procedures.



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- . GSA has emphasized the execution of Executive Order 11625 by prescribing subcontracting policies, procedures, and contract clauses in the Federal Procurement Regulations designed to foster and encourage minority participation in subcontracts awarded by government prime contractors. GSA contracting officers and assistant contract compliance officers have persuaded many contractors to provide minority business enterprises with the maximum practicable opportunity to participate in the performance of government contracts consistent with the efficient performance of the contract.

In conclusion, we in GSA are taking affirmative, pragmatic action. We are achieving favorable results. We, like you, would welcome any suggested improvements that would increase our rate of progress towards the objectives and goals we both desire.

Thank you.



UNITED STATES OF AMERICA
GENERAL SERVICES ADMINISTRATION

Office of Civil Rights
Washington, DC 20405

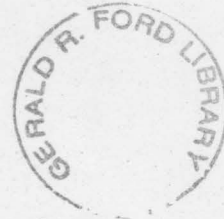


DATE: November 11, 1974

REPLY TO
ATTN OF: Director of Civil Rights - AR

SUBJECT: White House Request for State of the Union Information

TO: Deputy Administrator (AD)



I believe that it is extremely important for the President, in his statement on the State of the Union, to recognize and provide tangible, realistic plans for alleviating America's severe civil rights problems.

The Federal Government has a special responsibility to provide leadership, by precept and example, in solving the problems related to providing equitable job opportunity to all Americans. Its daily business involves, in one way or another, almost all large U. S. employers, and approximately one-third of the civilian labor force works for these employers.

Currently effective actions related to job opportunities are being taken on many fronts, but the problems of inflation and the current recession are creating new wrinkles to the old problems.

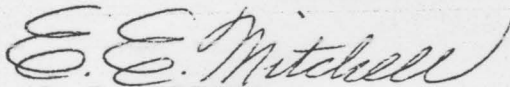
As an example, the current economic situation adversely impacts most severely on minority and female persons in the civilian work force.

- . Since 1972, Blacks and other minorities have been experiencing a rising unemployment rate above 10 percent or about twice that of whites; and females, during the same period, have experienced a rising unemployment rate above 7 percent.
- . Minority family median income - whether measured in current dollars or in constant dollars - shows a continuing adverse trend currently exceeding minus four thousand dollars when compared with white family income.
- . Over 47 percent of Americans below the low income level are in families with a female head, and females are heads of families of over 10 percent of all American families.

If minorities and women seeking employment or employed in government and the private sector were to receive an equal opportunity, and the same average pay as white males having the same education, experience, etc., the annual personal income of minorities, women and the nation would be billions of dollars higher. Industry would earn extra profits and the entire economy would benefit. Therefore, the nation's civil rights program goals and objectives are not only humanitarian, but economically necessary.

Further, the danger to our society of such a large portion of our labor force being alienated because of legitimate past and present grievances, cannot be overstated. Events in the past 10 years, in and outside the United States, have dramatized only too well the power of economically deprived nations, minority groups and communities to affect affirmatively or negatively the commerce, property values and way of life, not only in their local area, but in broader geographic areas as well.

It is therefore necessary to increase the pace of our affirmative actions to ensure that in recruitment actions, required lay-offs or reductions-in-force, and all procurement actions the historically disadvantaged Americans are truly given a fair and just opportunity.



E. E. MITCHELL

Director of Civil Rights



Exhibit C

September 11, 1974

CIVIL RIGHTS PROGRAM
POLICY, RESPONSIBILITIES, RESOURCES

It is the policy of GSA that the same Equal Employment Opportunities provided Federal employees or prospective employees shall be provided by governmental contractors to their employees or prospective employees.

To maximize the effectiveness of this policy, the Administrator combined the responsibilities and authority for both the internal Equal Employment Opportunity (EEO) Program and the external Contract Compliance Program assigned to GSA by the Office of Federal Contract Compliance (OFCC), Department of Labor, under a Director of Civil Rights, who is both the GSA Contract Compliance Officer and the Director of Equal Employment Opportunity, and who reports directly to the Administrator. In the regions, similar organizations are located in the Office of Regional Administrators.



GENERAL SERVICES ADMINISTRATION

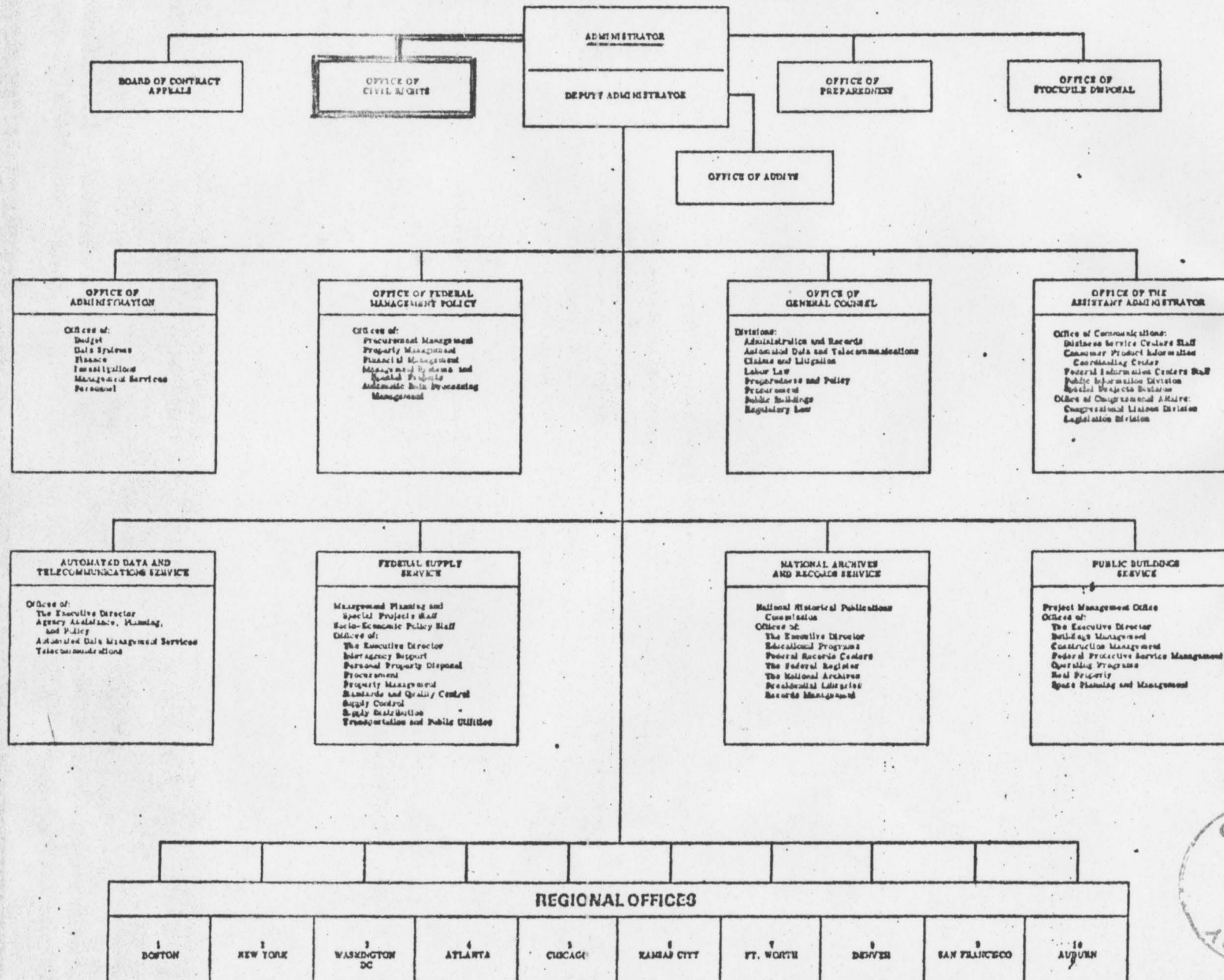


Exhibit A



JANUARY 1974

GENERAL SERVICES ADMINISTRATION

REGIONS

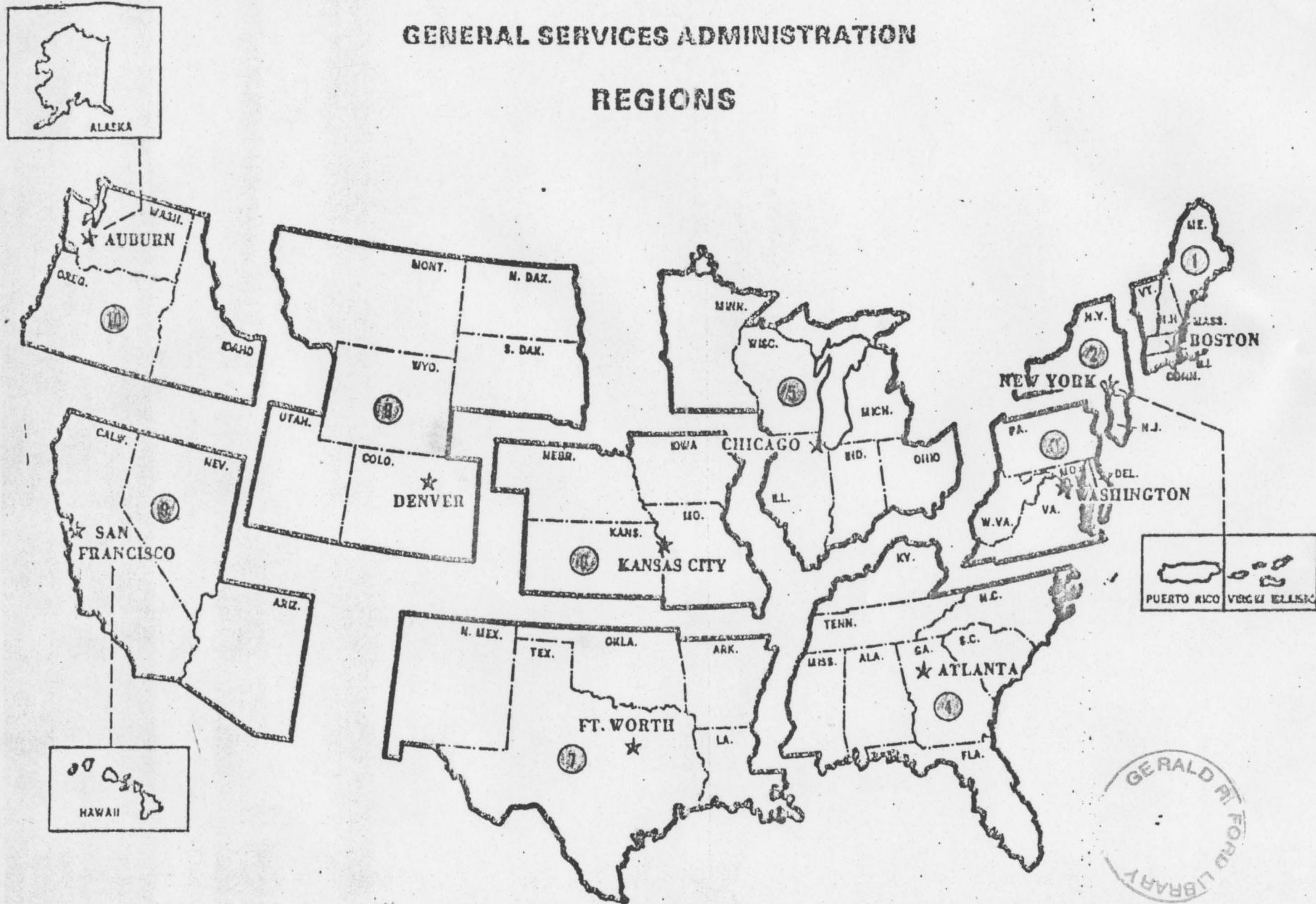


Exhibit B



September 11, 1974

Positions	FY 1971			FY 1972			FY 1973		
	C.O.	Regions	Total	C.O.	Regions	Total	C.O.	Regions	Total
Total	33	34	67	45	76	121	55	146	201
EEO	(5)	(11)	(16)	(6)	(21)	(27)	(6)	(21)	(27)
Contract Compliance	(28)	(23)	(51)	(39)	(55)	(94)	(49)	(125)	(174)
Total Performance Cost	\$974,000			\$1,850,000			\$2,839,393		
EEO	(\$203,000)			(\$386,000)			(\$437,471)		
Contract Compliance	(\$771,000)			(\$1,464,000)			(\$2,401,922)		

Positions	FY 1974			FY 1975		
	C.O.	Regions	Total	C.O.	Regions	Total
Total	67	185	252	47	228	275*
EEO	(13)	(50)	(63)	(13)	(50)	(63)
Contract Compliance	(54)	(135)	(189)	(34)	(178)	(212)*
Total Performance Cost	\$3,923,000			\$4,245,000*		
EEO	(\$651,000)			(\$692,000)		
Contract Compliance	(\$3,272,000)			(\$3,553,000)*		

*Does not include \$466,800 of support costs centrally controlled (e.g. rent, utilities, etc.); and additions resulting from transfers of Contract Compliance functions and resources from the Agency for International Development and the National Aeronautics and Space Administration.



September 11, 1974

women increased 70.2 percent in this category. As of April 1, 1974, 5.8 percent of Sears officials and managers were minorities and 27.6 percent were women.

- . It is the policy of the Federal Government that the maximum practicable opportunity to participate in the performance of government contracts be provided to minority business enterprises as subcontractors and suppliers to contractors performing work or rendering services as prime contractors or subcontractors under government procurement contracts. GSA's objective is to fully use this process to assist the disadvantaged in becoming viable, tax-paying citizens as they strive for a more equitable share of this country's affluence. GSA has emphasized the program commonly known as 8(a), which authorizes non-competitive consideration of disadvantaged contractors in the awarding of Federal contracts in the hope that these businesses will later be capable of acquiring contracts competitively. During Fiscal Year 1974, a total dollar value of \$15,600,000 in construction contracts was awarded through the Small Business Administration under this authority. What is extremely encouraging is the fact that also during Fiscal Year 1974 regular construction contracts totaling \$36,592,570 were awarded to disadvantaged contractors and subcontractors.
- . Another specific affirmative action by GSA aimed at further solidifying the position of small business nationwide is the Property Rehabilitation Program. Under this program, GSA sets aside 95 percent of its



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Exhibit E

September 11, 1974

TOTAL GSA CONSTRUCTION CONTRACTS AWARDED
DISADVANTAGED CONTRACTORS AND SUBCONTRACTORS
FY 74
CONTRACTS IN EXCESS OF \$10,000

<u>Region</u>	<u>Dollars Terms and Negotiated Contracts</u>	<u>Dollar Value 8-A Contracts</u>	<u>Total</u>
1	None	\$ 31,000	\$ 31,000
2	\$14,490,000	5,982,000	20,472,000
3	5,613,560	1,402,000	7,015,560
4	231,500	516,000	747,500
5	1,417,321	634,000	2,051,321
6	433,898	56,000	490,170
7	3,741,427	47,000	3,788,427
8	485,017	197,000	682,017
9	5,750,000	4,795,000	10,545,000
10	<u>4,429,847</u>	<u>1,940,000</u>	<u>6,369,847</u>
TOTAL	\$36,592,570	\$15,600,000	\$52,192,842



September 11, 1974

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