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THE WHITE HOUSE

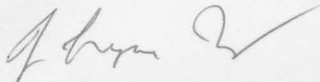
WASHINGTON

January 28, 1975

MEMORANDUM FOR STAN SCOTT

SUBJECT: Replies to the President's Memo to Agency Heads on
Minority Business

Attached are responses from the Department of Agriculture, ICC and the Export-Import Bank. I am forwarding them to you for your reference and for the information of SBA, OMBE and the Inter-Agency Committee.


F. Lynn May





DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
WASHINGTON, D. C. 20250

January 20, 1975

RL
The President
The White House
Washington, D. C. 20500

Dear Mr. President:

We have reexamined this agency's commitment to assist in the creation of successful minority businesses, and have taken the following action:

- Established a Rural Minority Business Assistance Division in our Office of Equal Opportunity.
- Identified major agency problems and discussed solutions to these problems with the Small Business Administration.
- Established realistic contract goals by program agency, and developed an aggressive and effective follow up system.
- Developed a comprehensive Departmental handbook stressing delivery of program assistance to minorities to assist agency field offices in the attainment of minority program goals.

We are convinced that the actions taken above and the program established for our Department will provide the much needed assistance to minority businesses, to which you referred in your letter, during this difficult economic period.

Sincerely,

EARL L. BUTZ
Secretary



Interstate Commerce Commission

Washington, D.C. 20423

OFFICE OF THE CHAIRMAN

January 22, 1975

The President
The White House
Washington, D.C. 20500

Dear Mr. President:

R4
This letter is in response to a request dated December 31, 1974, from Under Secretary of Commerce John K. Tabor that I advise the President by January 31, 1975, of the progress being made by this Commission in making positive contributions to assist minority businesses. His request was made as a part of an interagency response to your December 11, 1974, Memorandum to Cabinet Officers concerning the need for improvement in the government's minority business development program.

This Commission, though not a funding agency in the area of concern, has available valuable information which undoubtedly would be of benefit to minority businesses and we are making positive efforts to better develop and disseminate information that will be helpful to minority businesses as well as to those organizations throughout the country which are undertaking or promoting the establishment and successful operation of minority business enterprises. Minority utilization of these available resources has not been substantial in the past. However, while we do not have comprehensive supportive data, it is clear from individual and organizational inquiries to this Commission and from the limited records available that there is a significant increase of interest and participation by minority businesses in essentially all phases of the transportation industry. The Staff of this Commission does, and will continue to, provide all appropriate assistance required by minority businesses consistent with our other statutory responsibilities.



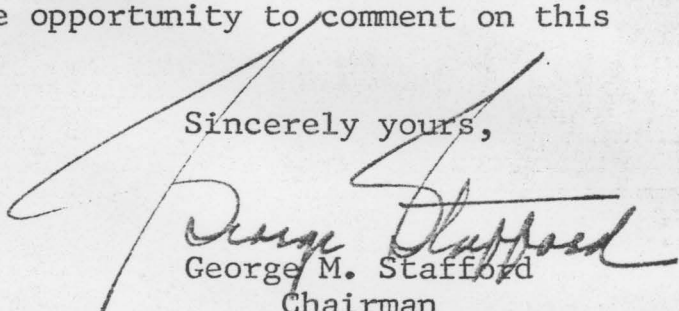
Mr. President--

Moreover, the non-discriminatory provisions of the Interstate Commerce Act themselves and the pertinent implementing regulations of this Commission are enforced to prohibit practices which may otherwise discourage meaningful minority involvement.

This Commission is totally committed to the minority business program objectives which you have set and will do everything feasible within the present regulatory scheme to meet those objectives.

I welcome the opportunity to comment on this matter.

Sincerely yours,


George M. Stafford
Chairman





PRESIDENT
AND
CHAIRMAN

EXPORT-IMPORT BANK OF THE UNITED STATES

WASHINGTON, D.C. 20571

JAN 17 1975

CABLE ADDRESS "EXIMBANK"
TELEX 89-461

Dear Mr. President:

The Export-Import Bank shares the objective outlined in your December 11, 1974 Memorandum, i.e., to assist minority businesses in their developmental programs.

Many of our loan officers and those of the Foreign Credit Insurance Association (FCIA), a private association which administers in cooperation with Eximbank our export credit insurance program, spend considerable time working with minority businesses in an attempt to better familiarize them with our programs and policies. We will continue in this effort.

I would like to stress, Mr. President, that we have supported and propose to reemphasize our support for the National Minority Enterprise Program, and will do all we can within the limits of our statutory authority to assist minority businesses which desire to involve themselves in an export effort.

Further, Mr. President, the Bank has reaffirmed its intention to see that our brochures and in-house training programs are made available to both minority financial institutions and businesses.

In conclusion, you may be assured that the Export-Import Bank will make an increasingly effective contribution to the U.S. Government programs of assistance for minority enterprises.

Respectfully,

William J. Casey

The President
The White House
Washington, D. C. 20500





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

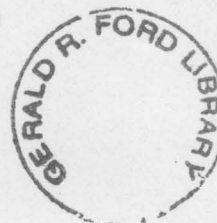
OFFICE OF THE DEPUTY ADMINISTRATOR

January 29, 1975

MEMORANDUM FOR

Mr. F. Lynn May
Domestic Council

SUBJECT: NABM Letter



Dear Lynn:

This will respond to your request regarding the NABM letter which concerns SBA support of minority enterprise. The following reflects actual accomplishments in loans and 8(a) contracts through November and December 1974, and a comparison with one year earlier.

A. 8(a)

	December			November		
	'74	'75	Variances	'74	'75	Variances
Contracts	776	554	(29%)	703	471	(33%)
Dollars	107m	99m	(7%)	101m	69m	(32%)

B. Loans

Approved	3473	2303	(34%)	3072	2025	(35%)
Dollars	144m	94m	(34%)	125m	8m	(35%)

While the numbers used in the NABM letter seem closer to the November figures, both dollar volume and numbers of transactions are below last year's. We feel that the following are the most significant reasons.

- (i) There is a delay in the 8(a) contract information pipeline; our experience is that these figures increase from 5 to 10% with the passage of time.

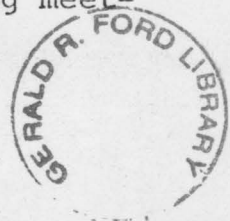
Mr. F. Lynn May

- (ii) None the less, the 8(a) user agencies are placing fewer (but larger) contracts, particularly in the construction area; this lack of control over amount and timing of contracts is of great concern to SBA, and we are pursuing alternatives with a number of the larger agencies.
- (iii) The lower loan volume is a direct function of the tight money supply and the concern of the lending agencies over the higher risks involved in minority loans.

As you know, SBA is exerting extra special efforts in support of minority enterprise development to the point that 34% of all SBA programs and personnel resources are devoted to this program. Our actual achievement then, is limited not by any lack of commitment, but rather by constraints outside the control of SBA.

With regard to the NABM proposal for a "watchdog" mechanism in the White House and for a series of meetings on this subject, I would offer the following:

- (a) Both the SBA and OMBE are mechanisms especially established and organized to respond to small business needs and interests within the Executive Branch of Government. More than 34% of SBA total resources go into minority enterprise program development, and all of OMBE is devoted to minority business programs. Furthermore, the President just issued a memorandum to the heads of Executive Departments and Agencies directing that they support SBA and OMBE efforts in this regard. Therefore, an additional Minority Enterprise unit in the Executive Branch would not be necessary or desirable.
- (b) SBA is currently sponsoring Minority Enterprise Summit Conferences around the country to listen to the problems, concerns and interests of the small minority entrepreneur. Two conferences have been held already; Atlanta and Los Angeles. More than 500 minority businessmen and women attended the Los Angeles Summit and an equal number are expected to attend the upcoming meeting in New York on March 7, 1975.



Mr. F. Lynn May

I hope the foregoing will be of assistance to you in responding to NABM. Please call if we may be of further assistance.

Louis F. Laun

EA:DA:SMOLLETT:jbd

cc: Mr. Laun
Mr. Mollett
Mr. Fletcher
Mr. Coleman
EA S/F



1215 JAN 30 PM 12 39

HAND DELIVERED

INTELLIGENCE AND SECURITY UNIT
THE WHITE HOUSE
WASHINGTON

THE WHITE HOUSE
WASHINGTON

1.31.75

TO:

Warren Rudnitz

~~Lyndon B. Johnson~~

For Your Information: _____

For Appropriate Handling: _____

~~101 Duval~~

~~2 Stan Sec~~

~~MD.~~



Robert D. Linder
Robert D. Linder



THE SECRETARY OF TRANSPORTATION

WASHINGTON, D.C. 20590

January 30, 1975

encl
Rh
The President
The White House
Washington, D.C. 20500

Dear Mr. President:

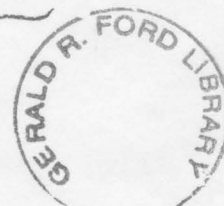
In your memorandum to the Cabinet dated December 11, 1974, you stressed the program of assistance to disadvantaged minorities and called for a reexamination of agency commitments and of the effectiveness of our programs. You also requested a report of findings to be made by January 31, 1975. We have reexamined our program commitments and there is enclosed a detailed review of the results.

The Department of Transportation has provided strong support from the start of the program and continues to place emphasis on all aspects of assistance to minority enterprises. We are continuing that support and are working with the Interagency Council for Minority Business Enterprise to explore all suggestions for improvements. We have conveyed your interest to all elements of the Department and will make sure that our efforts continue to merit the confidence you have expressed.

Respectfully,

Claude S. Brown

Enclosure .



THE SECRETARY OF TRANSPORTATION

WASHINGTON, D.C. 20590

WHITE HOUSE
MAIL ROOM

January 30, 1975



33 3 PM 03 JAN 30 1975

The President
The White House
Washington, D.C. 20500

Dear Mr. President:

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Respectfully,

Robert B. Dugan



Enclosure



THE SECRETARY OF TRANSPORTATION
WASHINGTON, D.C. 20590

JAN 30 1975



The President
The White House
Washington, D.C. 20500

Dear Mr. President:

In your memorandum to the Cabinet dated December 11, 1974, you stressed the program of assistance to disadvantaged minorities and called for a reexamination of agency commitments and of the effectiveness of our programs. You also requested a report of findings to be made by January 31, 1975. We have reexamined our program commitments and there is enclosed a detailed review of the results.

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Respectfully,

/S/ CLAUDE S. BRINEGAR

Enclosure

Report of Reexamination of the Department of Transportation
Program in Support of Minority Business Enterprise



When the Presidential program for support of minority business enterprise (MBE) was initiated through issuance of Executive Order 11458, the Department of Transportation (DOT) quickly became one of the lead civilian agencies in the program. The statistical summary, Appendix A, shows the numbers and dollars involved in DOT achievements. When these are related to DOT potentials in comparison to agencies with more substantial programs in the areas in which MBE firms are being assisted, the statistics are more meaningful. In the five years DOT has participated the Department was for three years second highest among civilian agencies in numbers of SBA Section 8(a) contracts awarded. We were behind only GSA which buys most of the routine house-keeping supplies for the Federal agencies. We were third in numbers of contracts for the other two years. In dollar amounts awarded DOT was first one year, third for two years, and fourth the other two. Our results were also comparable to and frequently exceeded those of several of the Department of Defense agencies.

The program received strong Secretary level and Deputy Secretary level support which was reflected down through the Administrators of the operating administrations to the field operations levels. DOT officials have participated actively in the Interagency Council for Minority Business Enterprise and its several sub-committees, task forces and working groups. We are currently represented on every element except the education and training task force and the DOT member chairs the Working Group on Direct Construction Contracting under the Procurement Task Force.

The Department has included requirements for support of the MBE program in general procurement and grant administration directives and in the specific program directives. In DOT financial management procedures, a system has been introduced under which MBE vouchers are given the priority payment handling accorded to discount vouchers. We are currently coordinating a Departmental directive which will consolidate the several issuances covering the program and incorporate the experience to date in assuring an effective program for the future.

In the mass transportation field the Department has provided guidelines for MBE programs to 71 transit agencies/sponsors. In addition we provide assistance to sponsor agencies in designing set-aside programs and in coordinating their activities with the Office of Minority Business Enterprise and the Small Business Administration. Eleven major transit activities have been provided specific assistance. Our mass transportation grant procedures require that major recipients establish affirmative action plans for participation of MBEs in procurements under the grants and that they appoint a liaison official to administer the

program. The costs of implementing a minority business enterprise program are accepted as reimbursable items under our cost principles. In addition to the affirmative action plans required of major grant recipients we have visited 21 public sponsors and urged them to prepare written affirmative action plans and establish MBE liaison officials. Six of these sponsors have prepared written plans, seventeen have appointed liaison officials and three have developed set-aside programs for MBE contract awards. So far we are aware of \$4.9 million in contract awards to MBEs by public sponsors and \$4.1 million in funds deposited in MBE banks.

In the field of aviation we have established a program under which the Office of Minority Business Enterprise (OMBE) is advised of each major award of an airport development aid project. The grant recipients are encouraged to use OMBE as a source for potential MBE bidders and are required to provide opportunities for MBEs to participate in contracts using Federal funds. As minority contractors progress through the SBA Section 8(a) program, they are encouraged to participate in competitive bidding both for direct Federal procurements and procurements stemming from grant programs.

The Federal-aid highway programs have provided substantial opportunities for MBE contracting. While the responsiveness varies with the individual State transportation agencies, many have made productive efforts to improve the MBE share of highway construction work. Audits of State contracting activities under highway aid programs are designed to stress attention to the MBE program and follow-up actions are taken to achieve better response in deficient areas.

The Department of Transportation is participating actively in the Interagency Council for Minority Business Enterprise project to explore the potentials in Federal-Aid programs for increased MBE participation. As suggestions are made for new approaches, we will determine their applicability to DOT programs and adopt or adapt those we find practical. Emphasis will be continued in the direct procurement fields. Full support for the interagency efforts will be continued.



Department of Transportation
Minority Business Enterprise Program

Summary

1. Program for award of contracts to MBEs under Section 8(a) of the Small Business Act.

<u>Year</u>	<u>Number of Contracts</u>	<u>Amount</u>
1970	20	\$ 896,514
1971	106	3,410,677
1972	195	7,505,599
1973	236	30,401,456 <u>1/</u>
1974	296 <u>2/</u>	16,522,712
1975 Goal <u>3/</u>	548	21,613,000

1/ Includes several multi-million dollar construction contracts. Similar contracts are not available each year and experience dictates caution since these large dollar awards require greater management assistance than is currently available.

2/ Goal established to increase number of MBE contracts by 10% - actual increase 25%.

3/ Goal established before appropriation amounts were known.

2. Program for competitive award of contracts to MBEs. 1/

<u>Year</u>	<u>Number of Contracts</u>	<u>Amount</u>
1972	--	\$ 1,310,000
1973	42	2,719,500
1974	29	1,556,000
1975 Goal	319	13,209,000

1/ These figures represent only identified MBE contracts. Means of identifying MBEs in competitive procurement has not been firmly established.



3. Program for award of concession contracts to MBEs. 1/

<u>Year</u>	<u>No. of MBE Concessions</u>	<u>Amount of Business</u>
1972	11	\$ 94,600
1973	7	348,678
1974	28	455,000
1975 Goal	31	464,000

1/ Most large DOT activities which could support concessions are housed in buildings managed by GSA.

4. Program for deposit of funds in MBE banks.

<u>Year</u>	<u>No. of Accounts</u>	<u>Amount</u>
1973	35	\$ 685,535
1974	39	1,212,283
1975 Goal	--	1,300,000



THE SECRETARY OF TRANSPORTATION

WASHINGTON, D. C. 20590

OFFICIAL BUSINESS



POSTAGE AND FEES PAID
DEPARTMENT OF TRANSPORTATION

The President
The White House
Washington, D. C. 20500





EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

FEB 2 1975

MEMORANDUM FOR STANLEY SCOTT

FROM: WALTER D. SCOTT *Wally*
SUBJECT: Minority Business Development Study

Attached is an outline of a study of organizational options for improving the management of the Federal minority business development programs. We are asking both SBA and Commerce to do an independent analysis of the alternatives.

OMB will be doing its own analysis of the options and will obtain inputs from interested outside groups. We plan to prepare a report on the study to summarize the analyses and reflect the views of the interested parties. If significant organizational changes are proposed, we would initiate a decision memorandum for the President's consideration.

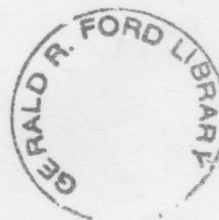
We expect that this study will become public knowledge soon, and it may be useful to inform key Congressional people of the study before they begin receiving complaints or pressures from those pushing a particular position. Would you be able to take care of briefing the appropriate Congressional people on this? Max Friedersdorf's people may be able to help on this. I am sending him a copy of this memo in case they receive inquiries about the study.

Also, do you have any suggestions of outside interest groups or individuals that we should contact regarding the study? This would include people who have a good understanding of the organizational problem and ideas for solution, as well as those who are likely to be important in obtaining support for any change.

We also would like to receive your opinions regarding the organizational alternatives.

I certainly will appreciate your assistance on this study.
Attachment

cc: Max Friedersdorf
Lynn May
Robert Bonitati



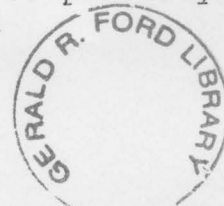
Minority Business Development
Analysis of Organizational Options

Background

The current fragmentation of responsibility for the Federal minority business development program has been identified as a problem which requires analysis to determine the feasibility of solution through organizational change.

The review of the minority business programs during the past several months resulted in the following preliminary findings:

- Responsibility for the principal Federal assistance programs is fragmented among several organization elements, including OMBE and three major program elements in SBA.
- Despite efforts to develop common programs between SBA and OMBE during the past year, there has been little progress made in developing common program objectives, program planning and operating procedures.
- The task of attempting to develop joint OMBE/SBA programs is complicated by the fact that the SBA assistance is provided by three separate major organizational elements within SBA, and SBA has not developed a comprehensive program for minority business development to direct these three program elements.
- The lack of a comprehensive Federal program has several adverse effects on the effectiveness of the minority business development effort, including:
 - . It makes it almost impossible to maintain a focus on common program objectives;
 - . It makes it difficult or impossible to provide a comprehensive package of assistance to a minority firm;
 - . It prevents control over access to the program, resulting in inability to assure that no more firms are brought into the program than can be adequately assisted with available resources;
 - . It does not permit allocation or reallocation of resources to the highest priority efforts as conditions change; and



- . It does not hold anyone accountable for the success or failure of the program.

In view of the above concerns, it has been concluded that there should be an analysis of several alternative organizational arrangements which might help overcome some or all of these perceived problems.

Alternatives for Analysis

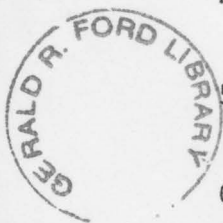
- I. Consolidate the OMBE and SBA minority business programs under one manager in SBA.
- II. Consolidate the OMBE and SBA minority business programs under one manager in Commerce.
- III. Consolidate direct Federal assistance for minority business development under one program manager in SBA; redirect the OMBE program to focus on stimulating non-Federal actions to promote minority business development.

Agencies may also suggest additional alternatives for analysis, if such suggestions are received by February 14.

Analysis

The analysis of alternatives should cover the following points, at a minimum:

1. To what extent is the alternative likely to alleviate the problems discussed in the Background?
2. What other program benefits might be obtained from the alternative?
3. What program disadvantages or costs might result from the alternative?
4. What would be the likely reaction of minority businesses and other minority interest groups to the alternative?
5. What would be the likely Congressional reaction to the alternative?
6. What impact, if any, would the alternative have on the other programs and responsibilities of the agency?
7. What personnel and administrative problems would likely be encountered in implementing the alternative? This should include problems of agency reassignments, availability of staff expertise, changes in field office structure or operations, etc.



Assumptions

In analyzing the alternatives, the following assumptions should be accepted:

1. Legislation will be requested as needed to provide the necessary authorities; existing legislative restrictions or authorities should not be a factor in analyzing the alternatives, except in considering the feasibility of obtaining Congressional action on requested changes.
2. The types of assistance provided, and the total funding level, would be the same under each alternative.
3. New or revised authority for programs could be requested, to permit changes in the programs along with the change in organization.
4. Any legislative proposal would be submitted to Congress by May 15, 1975, to be effective as soon as possible.

Agency Input

The analysis by the agencies should be submitted to OMB by February 28, 1975. This may be an informal report, without agency recommendations, or a report with agency recommendations.



Perrin M. Johnson
Gus Hawkins
Charlie Rangel
John Adams
Carolyn Jordan

March
Wed. 5th

Thank Talk in Minority
Business

round table

Study bring updates
w. what you know

(IN)

Drift

Lynn

Wally Scott

Paul O'Neal

Alex

Levi Lorne

Timbers - GSA





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

OFFICE OF THE DEPUTY ADMINISTRATOR

Date: February 3, 1975
Reply to
Attn of: DA
Subject: Minority Business Development

To: See Distribution

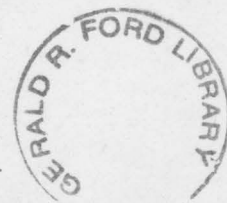
The attached copy of a letter from Mr. Kleppe to the President is forwarded to you for your information.

Louis F. Laun

Attachment

Distribution

Paul O'Neill
Walter D. Scott
Carl E. Hystad
William Parras
Stanley Scott
Fernando DeBaca
F. Lynn May
John K. Tabor
Arthur Williams
Alex Armendaris





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

OFFICE OF THE ADMINISTRATOR

January 31, 1975

The President
The White House
Washington, D.C. 20500

Dear Mr. President:

Your letter of December 11th on the subject of minority business development is most welcome, and the following is the response you requested by January 31st. As you indicated, we, along with OMBE, have primary responsibility for the Government's program in this area, but our success will only be as great as the cooperation we receive from the other departments and agencies and OMB. Your letter should help obtain that cooperation.

Mr. President, the commitment of this Agency to the cause of minority business development is total. The frustration we frequently feel is that the quantity of problems facing all small business, including the minority sector, is so great, and our resources are so small, that additional help for one troubled sector of our 8,800,000 small businesses really means a transfer of resources rather than an addition.

We have made that transfer. While the minority sector has only 4 percent of the Nation's small businesses, 32 percent of the man-hours of SBA personnel and 33 percent of our salary and expense budget are being devoted to minority small business problems and development in fiscal year 1975, an increase from the previous year. Looked at another way, this means we put about 9 times as much energy and personnel into helping the average minority firm as we do helping majority firms.

Minority firms, like others, need three major things: profitable sales, credit to finance them and provide for business growth, and good management. SBA's programs impact in all three areas, as the following summaries will show.



° Procurement Assistance

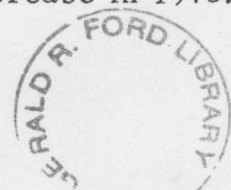
In our 8(a) procurement program in fiscal year 1974 over 1,100 minority firms obtained over 2,200 contracts worth over \$272,000,000 for a new record. Over two-thirds of the contracts in the 6 year history of the program were awarded in the past two years. In fiscal year 1975 we are running at about the same level as last year, and your letter will be helpful to us in stimulating increased contracting from departments and agencies. The recession has slowed our plans for enabling more firms to graduate from the program, but increased energy is being applied to the problem.

In Government procurement in general, SBA's efforts serve the small business community as a whole. Here \$483 million in prime and subcontracts went to minority small business. This area is expected to be in some trouble this year too. SBA also has a Minority Vendors Program, which attempts to get the large companies in the private sector to use minority suppliers. A letter from you to these large businesses asking them to favor minority small business in their purchasing would be most helpful.

° Financial Assistance

Last fiscal year nearly 6,900, or 25 percent, of the bank guarantee and direct loans made by our Agency have gone to minority and disadvantaged firms. In terms of dollars, although minority firms do just over 2 percent of the Nation's total small business volume, they received 16 percent of our loan dollars, for a total of \$289 million (not including disaster loans). In terms of direct loans 55 percent of the number of loans and 44 percent of the dollar volume go to minorities. The direct loan figures are holding up pretty well in 1975, except that our total funds available for non-disaster loans have been reduced.

Our surety bond program, of great value to minority contractors, continues to grow rapidly. Minorities received 1,500 bonds last year and this figure will increase in 1975.



The biggest factor holding down loan volume is the shortage of money in the banking system, although high interest rates and business uncertainty hold down demand as well. This has caused a sharp decline in our guarantee loan programs for both the majority and minority sectors. Just as a letter from you to the Nation's major manufacturing firms could help minority procurement, so could a letter from you to the banking community asking them to continue their responsiveness to minority financial needs.

° Management Assistance

In fiscal year 1974, over 20,000 individual minority firms were counseled, double the previous year. 25,000 minority individuals attended training courses and business workshops, an increase of 20 percent over the previous year. Both of these efforts are being increased in fiscal year 1975.

One of our newer ideas in this area is the Small Business Institute. This program involves individual small business counseling by 17,500 graduate and undergraduate business school students in over 300 universities. Over half of this effort has been devoted to the minority community.

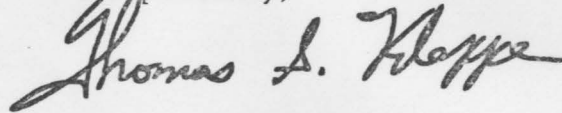
We have also tried to develop better liaison with OMBE in order to try and eliminate duplication of effort in the field and obtain maximum results from their resources as well.

As an additional step, we have decided to take our Agency's top management out into the field to meet with groups of minority small business people, just as you are doing for the overall community in your Regional White House Conferences on Domestic and Economic Affairs. We have scheduled six regional weekend conferences in cooperation with the National Business League, and the National Economic Development Association, and have completed two. At least 500 people are expected to attend each of these, and we find them very helpful in gauging the response to our programs.



In short, Mr. President, we will do all we can to make sure our Central Office and our 89 field offices respond to your memorandum to give, as you have requested, "every help Government can reasonably provide." We also welcome the opportunity this letter has provided to inform you regarding the types of help we are currently providing and will welcome any further thoughts from you on this important matter.

Respectfully,

A handwritten signature in dark ink, reading "Thomas S. Kleppe". The signature is written in a cursive style with a large, stylized initial "T".

Thomas S. Kleppe
Administrator





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

OFFICE OF THE DEPUTY ADMINISTRATOR

Date: February 3, 1975
Reply to
Attn of: DA
Subject: Comments on Small Business in Today's Economy
and Government Programs Addressing their Problems

To: See Distribution

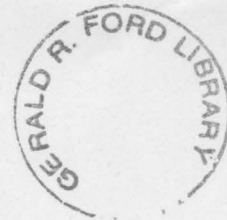
I am attaching for your information and use a background paper that was prepared for distribution at the White House Conference on Domestic and Economic Affairs in Atlanta, Monday, February 3rd.

Louis F. Laun

Attachment

Distribution

Central Office Management Board
George Robinson
Stephen Mollett
Michael Gaupin
Anthony Stasio
Regional Directors
District Directors
Branch Managers
Paul O'Neill
Walter D. Scott
Carl Hystad
William Parras
Stanley Scott
Fernando DeBaca
F. Lynn May
Max Friedersdorf



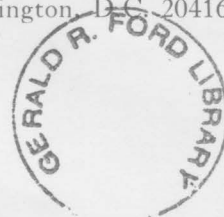
NEWS

SMALL BUSINESS ADMINISTRATION

Washington, D.C. 20416

Thomas S. Kleppe, Administrator 1441 L Street, N.W.,

FOR RELEASE AT 2:00 P.M. EST
MONDAY, FEBRUARY 3, 1975



COMMENTS ON SMALL BUSINESS IN TODAY'S ECONOMY AND GOVERNMENT PROGRAMS ADDRESSING THEIR PROBLEMS

Prepared for
White House Conference on Domestic & Economic Affairs
Atlanta, Georgia

The Small Business Administration's "clients" are the nearly nine million small businesses in this Nation who produce 43 percent of our gross business product and provide more than half of the country's business employment. 95 percent of all businesses are in this category. They are the backbone of our country's liberty and its free enterprise system, which have given us nearly 200 years of the freedom and abundance that have made America the envy of the world.

When small business hurts, the Nation hurts, and when the Nation has economic problems it is the small business sector that feels them first and that is most endangered by them.

Such is the strength of our private enterprise system to breed healthy companies that the death of a firm that has been able to grow into the largest 5 percent sector is front page news because it happens so rarely.

In the world of the other 95 percent, however, death strikes so frequently that the loss of a small machine shop, retail store, or garage doesn't even get one line in the obituary section.

Part of this is the necessary process of weeding out the unfit, so that the remaining will be strong. But a time of combined major inflation, recession, and energy imbalance can wipe out thousands of businesses that have the innate capacity to make it but who just haven't yet been able to accumulate the financial reserves, or develop the markets, or acquire all the skills necessary to withstand up to two years of bad weather.

The people of Georgia are in the middle of this bad weather right now and don't really need someone from Washington coming down and describing the storm in great detail for them. What you need is help in getting through the storm, and after that you'd like some sunny weather.

This paper, then, divides into two parts:

1. How we in SBA can help you get through the bad weather.
2. What the President is doing to try and bring us better weather, and how you can help him help you.

I. SBA Help to Weather the Storm

SBA help divides itself into five major areas:

Financial Assistance
Procurement Assistance
Management Assistance
Special concentration of all these aids on the
Minority and Disadvantaged Sector
Advocacy efforts for small business



Highlights of these aid programs, which SBA dispenses in 89 offices across the Nation, including Atlanta, are listed below. SBA Administrator Tom Kleppe is representing the Agency at this White House Conference and can answer any questions, or detailed answers are available in all SBA offices. SBA is most interested in learning of specific small business problems and in helping solve them within the limits of its personnel and budget resources.

Financial Assistance

SBA operates 17 different regular and non-natural disaster loan programs for creditworthy small businesses that can't obtain bank loans on their own. In calendar 1973 SBA made over 31,500 such loans totalling \$2.2 billion. (This does not include loans to businesses and homeowners for injury from natural disasters.)

90 percent of this money is furnished by the Nation's banks, under SBA guarantee programs, and about 10 percent has been in the form of direct SBA loans, to deserving businesses that couldn't qualify for bank loans, guaranteed or not.

In calendar 1974, tight money, high interest rates, and uncertainty put a damper on bank lending, and SBA loans decreased to \$1.57 billion and 22,800 loans, a decline of about 28 percent both in dollars and numbers.

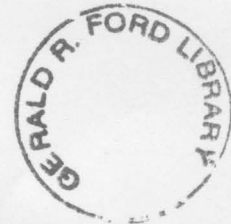
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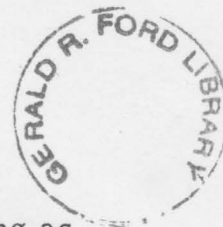
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As we go into 1975 we see a slight resurgence of bank lending as money becomes more available and interest rates decline, but still expect to run behind previous years. SBA direct loan programs have been increased somewhat in the new year, but demand is far beyond the funds we have available and direct loan applicants can expect a long wait in most program areas.

Financial help is also available through our lease guarantee program and through our surety bond guarantee program for small contractors. All SBA offices can give full details on all of these programs.

SBA also has over 136,000 loans totalling over \$6 billion in its business loan portfolio. Early in January we mounted a crash program called Project Help to give all assistance possible to accounts pushed into trouble during these trying times. Teams of management and financial experts from Washington and regional offices are working in district offices all over the Nation, concentrating on the areas of high unemployment and stagnation where most of the trouble is.

Procurement Assistance

While financial health is necessary for survival, the best way to get healthy and stay that way is to obtain profitable sales. SBA has several programs to help in this area.

The Federal Government is a big customer, spending \$45 billion per year in contracts with private industry for goods and services. SBA maintains constant contact with other agencies of the Federal Government, with procurement centers all over the country, and with the Nation's prime contractors to encourage subcontracting to small business. These efforts, which include small business set aside and certificate of competency programs, won a record 33 percent, or \$15 billion for small business last fiscal year. If you need information on selling to the Government, or to big Government contractors, SBA offices can help.

Management Assistance

Financial health and profitable sales usually come to those businesses that have competent management.

SBA's own financial resources will only permit it to have about 400 full time management assistance people helping small business manage better in its field offices, but we have developed several low cost methods of leveraging a considerable amount of expert assistance from the private sector.

These include the 7,500 men and women in the Service Corps of Retired Executives (SCORE) and the Active Corps of Executives (ACE) in over 250 chapters all across America, and 17,500 graduate and undergraduate business school students in over 300 universities. These 22,500 people put their skills to work on individual small business problems and in developing training courses, and these services are available at no cost to the small business needing this help. Local arrangements with organizations like the Young President's Organization and local Chambers of Commerce or CPA associations, swell this army to well over 25,000.

In addition to this, all of our offices have extensive libraries of pamphlets and films addressing the "how to" aspects of all kinds of business and their problems. We have in development special courses on managing in a recession economy. Any SBA office can give you full details on the ways we can help.

Special Concentration on the Minority and Disadvantaged Sector

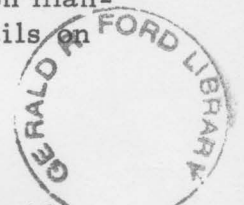
The problems that affect the 95 percent sector of the economy identified as small business strike the 4 percent of that 95 percent known as minority small business with even more devastating force.

Most of these firms are younger, have smaller financial reserves, less stable markets, and less seasoned management than the majority firms. While they have 4 percent of the businesses, they only have 1 percent of the dollar sales.

SBA has a strong commitment to help this most endangered sector of the economy survive the current downturn. In each of the program areas mentioned above extra special efforts are being directed to the minority sector.

In financial assistance, this 4 percent gets 16 percent of the guarantee and direct loan dollars and about 25 percent of the total number of loans.

As mentioned previously, our loan programs in calendar 1974 were behind 1973, and one would probably expect that if things were left to themselves the amounts going to minorities would decline even more than those to majorities. Thanks to aggressive bank relations work and the utilization of direct lending funds, loans to the minority sector were off only 25 percent while the balance of the loan program was off over 29 percent. We are not happy about the decline, but are pleased that our efforts kept it from being worse.



Procurement aid, including the Agency's 8(a) program for channeling a part of the Government's procurement program to minorities and disadvantaged, delivered a record \$755 million in fiscal year 1974. This means that \$15 million dollars a week, or 5 percent of the Government's small business procurement dollars, went to this sector. These figures included a record \$272 million for 8(a) and \$483 million for other prime and subcontracts for minorities and disadvantaged. In fiscal year 1975 cuts in construction have hurt our efforts, but 8(a) manufacturing contracts are up and we are still hopeful that increased efforts will help us beat last year overall.

In addition, we have a Minority Vendors program that attempts to direct private sector companies looking for suppliers to minority firms for their regular, as well as their Government, business.

In management assistance over 20,000 individual minority firms were counseled, double the previous year. 25,000 minority individuals attended training courses and business workshops, an increase of 20 percent over the previous year. Both of these efforts are showing further increases in the current fiscal year. Special intensive efforts are being made in individual districts with the OMBE and ACTION agencies. Just as our financial and procurement programs are aimed at narrowing the financial and sales gaps, so is this program designed to narrow the management proficiency gap in this sector.

Advocacy Efforts for Small Business

In October 1974, SBA established the Office of Chief Counsel for Advocacy in Washington and designated each regional, district, or branch office director as the advocacy director in his area.

This effort first tries to find out what are the problems of small business and tries to respond to them. Liaison has been established with all small business trade associations. Three major two day conferences were set to bring 11 of the cabinet departments and agencies of the Government to hold discussions with small businesses. Thousands of small businesses will attend these meetings and make their problems known and, hopefully, receive answers on what Government can do to help them. A meeting has been held in Kansas City, and Dallas and Springfield, Mass. are ahead.

In addition, six weekend regional conferences have been scheduled in cooperation with the National Business League attended by key members of the SBA Management Board, to listen to the problems of the heavily



impacted minority sector and to devise methods for solving them. Material developed here in this most affected sector is helpful in solving the problems of majority and minority businesses alike. Meetings have been held here in Atlanta and in Los Angeles, and are scheduled for New York, Chicago, Miami, and Houston.

SBA's attendance at this meeting today is another event evidencing our desire to have more dialogue between the top Government people and their constituents. We are proud to be on this platform with the President and the members of the Cabinet and other agencies.

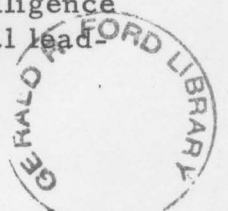
All of the above activities are either normal or emergency SBA programs designed to help small business weather the current storm and build a stronger foundation for the future. The major effort, of course, will come from those millions of individual independent small businesses themselves that are putting forth full efforts to survive and grow. They know Government can't do everything for them, and they don't want Government to do everything for them, and for that reason they are the first line of defense in the necessary job of keeping our enterprise system a private enterprise system.

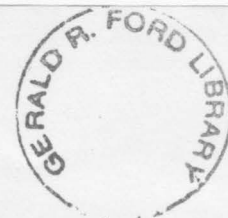
President Ford has presented a courageous program to fight all four of these enemies simultaneously. These programs will help the millions of small businesses and the nearly one hundred million people depending on them. The President has had the nerve and the fortitude and the intelligence to design this program, and is going to use every bit of his substantial leadership qualities to sell it to the Congress.

II. The President's Program to Bring Better Weather

Three of the problems facing small business have been mentioned above: inflation, recession, and energy imbalance. Each of these enemies has claimed its share of victims. A fourth enemy, which contributes to the inflation segment elbows small business away from the loan window, and ensnares him in excessive regulation and paperwork, is the mounting size and expense of big central Government. (The cost and problems brought on by growing state, Federal, county, and city bureaucracies and budgets have as severe an impact, but this paper addresses itself to the Federal Government sector only.)

The President's proposals, which include cutting taxes in the personal income sector to fight recession and in the business sector to stimulate productivity and fight both recession and inflation; adjusting tariffs, taxes, and Government regulations to stimulate production of energy and





discourage consumption to fight energy imbalance; and holding down Government spending by stopping new spending programs and limiting growth of Federal salaries to fight both inflation and the problem of growing and more expensive big Government, are the right programs for America and for small business. We know from past experience that a tax cut that puts additional discretionary dollars in the hands of people is far less inflationary than big spending programs that take these dollars away from people and put the spending in the hands of the Government.

The President needs your help very badly in getting Congress to enact the whole package, and this is the reason.

The "recession fighting" part of the President's package is the fun part. Every Congressman can look good back home voting for this part, because these activities give the people back home something right away. The President's tax cuts fall into this section, and so may some ideas the Congress may develop on new spending programs.

The parts that address inflation, energy imbalance, and the problem of expanding Government are the "bite the bullet" part, and these three enemies can kill just as surely as the recession enemy, which is actually the easiest enemy of the four to deal with.

Unless these parts are also enacted by the Congress we will be faced with runaway inflation that hurts small business and silently robs every wage earner and retired person; with energy problems which include shortages, dependence on overseas sources, and long term even higher prices; and with the growing cancer of a gargantuan central Government consuming an ever increasing share of our income (one-third of gross national product now, and rising) even as it contributes to the additional problem of paycheck-eroding inflation.

The "fun" parts and the "bite the bullet" parts of the President's program must be taken together if a cure is to be effected. If Congress passes only the "fun" parts, it will make the situation worse in the long run.

Congress listens to the voices back home, and this is where you can help the President to help you.

Let your Representative or Senator know in clear language that you support the President's tax measures, his energy measures, and that you want the cost and growth of Government held down at the same time. The

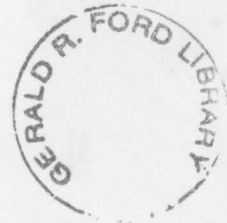
people on Capitol Hill have yet to demonstrate that they are willing to make the sacrifices necessary to fight inflation, because they fear the people back home will vote them out if they do. Tell them you understand the critical needs of the country and that you are willing to have him cast his vote for the tough and courageous measures the President has prescribed to effect the cure.

Only in this way will we get to the "better weather" previously described.

Small business has provided this Nation with enormous abundance in the face of mounting centralized Government that has become gargantuan and domineering. Small business realizes, just as you and I do, that you cannot cut off the spigot completely on Government spending. But they would rather see more of a trickle now than the flood we've had for so many years.

The many small businessmen SBA has talked to go along with what the President has been saying: We can no longer naively believe that our Government can solve every social problem simply by creating big Government programs. The past result of many of these massive programs has been that the powers and size of our Federal Government have become enormously enlarged, and our services to the people have become poorer in many cases, and our problems worse in most cases.

Small business epitomizes what can be accomplished by private enterprise if men can be free to determine their future. The future will be great for us if we rekindle faith in ourselves. And we will accomplish this through less Government intervention in the marketplace and in our lives.



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UNITED STATES DEPARTMENT OF COMMERCE
Office of Minority Business Enterprise
Washington, D.C. 20230

February 5, 1975

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

Dear Mr. Scott:

At the December 12, 1974, meeting of the Interagency Council for Minority Business Enterprise, I briefed you or your representative on a pilot program I have initiated to provide additional staff support to 10 Minority Business Opportunity Committees (MBOCs) of Federal Executive Boards and Associations. Our plan is that the Office of Minority Business Enterprise (OMBE) will provide salary and travel funds to hire a full-time Executive Director and half-time secretary for the MBOCs selected for participation in this program; Newark, Philadelphia, Pittsburgh, Atlanta, Chicago, Detroit, Dallas, Los Angeles, San Francisco and Seattle/Portland (staff stationed in Seattle). The enclosed materials will give you some additional information on the program's development and the proposed scope of work for the MBOC Executive Directors.

I would like to solicit your own support in helping us implement this program. Each MBOC or FEB Chairman has been asked to work with the Federal MBOC member agencies in his city to identify personnel slots, space and office equipment for the new MBOC staff. It would be helpful if you could encourage your national and field staffs to work with these chairmen to identify the slots and other above requisites for these positions. OMBE will then transfer the salary and travel funds allocated for each position to the agencies providing the personnel slots.

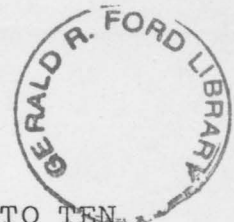
I am most hopeful that this increased full-time staff support to the 10 MBOCs will greatly improve their overall performance and result in significant new procurement and other business opportunities for minority businessmen. Your agency's support of this pilot program and all MBOCs should increase the effectiveness of the national minority enterprise program and reinforce the President's recent call to all Federal agencies to strengthen their efforts on behalf of the minority entrepreneur.

Sincerely,

Alex Armendaris
Director

Enclosures





OMBE PROGRAM: TO PROVIDE FULL-TIME STAFF SUPPORT TO TEN
MINORITY BUSINESS OPPORTUNITY COMMITTEES (MBOCs)

Minority Business Opportunity Committees (MBOCs), as standing committees of Federal Executive Boards or Federal Executive Associations in 35 cities throughout the country, are a vital component of the OMBE delivery system and the national minority enterprise program. A large portion of Federal procurements from minority businesses are made at the local or regional level by MBOC member agencies. An active MBOC in a given city can mean additional millions of dollars in Federal procurements going to local minority firms. An active MBOC can also mean more viable minority concessions, minority business education and training opportunities and Federal or other public and private sector deposits in minority-owned banks.

An evaluation of MBOC FY 74 annual reports and FY 75 work plans recently submitted to OMB and OMBE reveals that many MBOCs are suffering from lack of staff support and leadership. Similarly, the MBOC evaluations reveal that many MBOCs do not now have functioning subcommittees, adequate membership and aggressive work plans for FY 75. Experience has shown that MBOCs can produce substantial benefits to minority businessmen if they have strong leadership and adequate staff support. OMBE Director Alex Armendaris therefore proposed that OMBE, on a limited pilot basis, provide full-time staff support to selected MBOCs.

Such support will take the form of a full-time MBOC Executive Director who will work with the MBOC Chairman and provide staff support to the full MBOC and its subcommittees. A half-time secretary is also proposed for each Executive Director. Such staff are expected to be hired by March 1975.

Cost and Method of Implementation

OMBE will pay the salaries and travel expenses of ten MBOC Executive Directors and their secretaries. For each selected city, OMBE will transfer funds to an MBOC member agency, preferably that of the MBOC Chairman, which will provide personnel slots for the Executive Director and secretary. The appointments will be for a minimum of one year. The MBOC member agency will also provide office space and supplies for the Executive Director and secretary. The MBOC Executive Director and his secretary will be administratively responsible

2.

to the MBOC Chairman. All hiring and firing will be done by the MBOC Chairman, in consultation with and subject to the approval of the OMBE Regional Director.

The estimated cost to OMBE for a one-year pilot program to provide an MBOC Executive Director and a secretary in each of ten MBOC cities is \$264,000. The exact salary of each varies slightly from city to city according to local salary structure. A travel budget, averaging \$1,500 , is also included for each Executive Director.

Selection of MBOCs

Ten MBOCs were selected to receive full-time Executive Directors. Those MBOCs selected have the greatest potential for delivering real business opportunities and resources to minority businessmen in their locale. Criteria for selection included:

1. Strong leadership. The MBOC Chairman should be active and able to gain full participation of other agencies.
2. Good MBOC organizational structure, including well-functioning subcommittees in procurement, capital development, education and training and concessions.
3. Aggressive work plan for FY 75 and significant FY 74 accomplishments.
4. Insufficient OMBE or other staff support.
5. Substantial resources available from the local Federal community. Cities with the largest procurement activity rank highest in this category.
6. Relatively large local minority business community with capabilities to take advantage of Federal business opportunities.

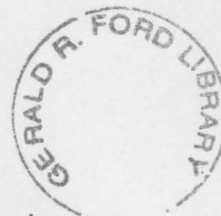
Based on the above criteria and recommendations of MBOC and FEB Chairmen, the following MBOCs were selected to participate in the program:

1. Pittsburgh
2. San Francisco
3. Chicago
4. Los Angeles



3.

5. Dallas
6. Atlanta
7. Detroit
8. Newark
9. Atlanta
10. Seattle/Portland



Results Expected

Experience has shown us that an MBOC which has full-time or near full-time staff support can deliver significant contract and other business opportunities and assistance to minority businesses: it can follow up on agency requirements, help bring business development organizations and minority firms into a working relationship with agency procurement officers, pursue bank deposits from every agency and military installation which has funds available for such purposes, implement locally the interagency agreements signed at the national level.

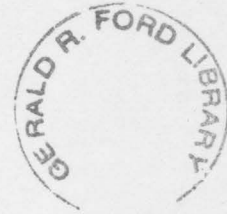
The Minneapolis MBOC, which has a retired corporate executive as full-time MBOC Chairman, is the prime example of an MBOC which has a wide-ranging program to seek out opportunities in both the public and private sector.

Another example of a fully-operating MBOC is the San Francisco MBOC under the Chairmanship of Major General H. R. Del Mar in FY 73. The General had sufficient staff resources to assign a Major to work nearly full-time on MBOC matters and the OMBE Field Officer at the time also was able to devote considerable time to MBOC matters. The results were impressive in terms of contracts let, senior-level agency participation and commitment of time and resources to the minority business enterprise program. Since that time, the San Francisco MBOC has lost most of the staff support and its work plan submitted for FY 75 is disappointing. An FY 74 annual report was not even submitted to OMB and OMBE, as requested.

Evaluation of the success or failure of this pilot program will be based on direct, dollar benefits flowing to minority businessmen in the selected cities. The MBOC Chairmen will also be asked to submit quarterly narrative reports to OMBE on the MBOC Executive Director's performance along with his regular MBOC reports. At the end of one year, OMBE will make the determination whether it wishes to continue or expand this pilot support program.

POSITION DESCRIPTION

Executive Director
(Minority Business Opportunity Committee)



Introduction

The Minority Business Opportunity Committee (MBOC) of the Federal Executive Board or Association (FEB or FEA) is responsible for developing, coordinating and strengthening local Federal agency efforts in support of the national minority enterprise program. Operating under the aegis of the Office of Management and Budget, MBOCs develop programs to carry out the minority enterprise theme of FEBs and help implement on the local level the Federal minority enterprise effort as set forth in Executive Order 11625 of October 13, 1971.

Under the supervision of the Chairman of the MBOC, the MBOC Executive Director provides full-time staff support to the MBOC and its subcommittees. He assists the MBOC Chairman and shares his responsibility for the development, monitoring and support of MBOC programs.

Duties

The duties of the Executive Director may vary in scope and emphasis from city to city; however, the specific duties will generally include, but not be limited to, the following:

On a day-to-day basis, under the supervision of the MBOC Chairman, direct and support the overall operation of the MBOC.

Provide continuity, professional and program guidance, information and assistance to the MBOC, its Chairman and subcommittees and member agencies in the formulation of MBOC policies and programs.

In conjunction with the MBOC Chairman and subcommittee chairmen, develop the MBOC fiscal year work plan, goals and objectives.

Assist the MBOC Chairman in the organization and coordination of MBOC standing and ad hoc subcommittees to carry out the general MBOC program plans.



2.

Provide continuous contact, liaison and follow-up with FEB and MBOC member agencies, as necessary. Working with the various MBOC subcommittees, this may include specific program support and liaison in the areas of procurement, concessions, bank deposits, capital development, and management or technical assistance.

In conjunction with the MBOC Chairman, coordinate MBOC activities with both the Regional Office and national headquarters of the Office of Minority Business Enterprise (OMBE), the Office of Management and Budget (OMB), and the Federal Executive Board or Association (FEB/FEA).

Provide MBOC liaison with and outreach to the minority business community, including OMBE-funded organizations, other community groups, minority businessmen's associations and minority businessmen.

Perform liaison, outreach and public information functions for the MBOC to solicit greater participation in and support for MBOC activities from Federal, state and local government agencies, the private sector, and the minority community.

Coordinate and provide staff support for MBOC training and information seminars for minority businessmen and/or member agency officials.

Prepare, in conjunction with the MBOC and subcommittee chairmen, MBOC reports required by OMBE, OMB or the FEB.

In conjunction with the MBOC Chairman, develop agenda and prepare background materials for MBOC meetings.

Evaluate MBOC program plans, activities and progress on an on-going basis. Submit, at a minimum, quarterly reports to the MBOC Chairman outlining conclusions and recommendations emanating from such evaluations.

Perform other duties and staff work as assigned by MBOC Chairman and necessary to achieve the goals and objectives of the MBOC.

Supervision and Guidance Received

Incumbent receives administrative supervision from the MBOC Chairman, but is delegated full responsibility to carry out program functions within the broad policy framework established by the FEB Chairman, the FEB Policy Board and the MBOC Chairman.

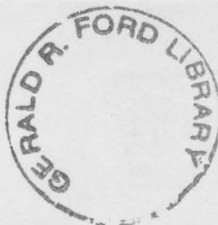
**OFFICE OF
THE SECRETARY OF THE INTERIOR
OFFICE OF COMMUNICATIONS**

February 6, 1975

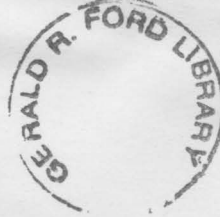
STAN SCOTT:

FYI. This release was mailed out on the
Department's minority mailing lists.

Bill Rhatican



DEPARTMENT of the INTERIOR



news release

OFFICE OF THE SECRETARY

For Immediate Release (February 4, 1975)

INTERIOR DEPARTMENT APPROVES PLAN FOR INCREASING MINORITY BUSINESS OPPORTUNITIES IN CONSTRUCTION OF TRANS-ALASKA PIPELINE

Interior Secretary Rogers C. B. Morton announced today that the Interior Department has accepted an Affirmative Action Plan submitted by Alyeska Pipeline Service Company setting goals for minority business contracting and equal employment opportunity on the Trans-Alaska Pipeline.

Alyeska's plan pledges a goal of at least \$200 million in contract bidding opportunities for minority firms on the \$6 billion pipeline project, and a goal of at least \$155 million in contracts to be awarded to minority businesses.

Secretary Morton said the plan would meet Interior's regulations to assure equal opportunity on the project. Interior rejected an earlier plan on the basis that it did not comply with Section 403 of Public Law 93-153 calling for equal opportunity in pipeline construction contracting and employment.

Under the plan, Alyeska will review contracts and subcontracts for possible involvement of minority business enterprises. The pipeline firm also will issue monthly forecasts of contracting opportunities for minority firms, and will make bid documents available to minority businesses in offices serving the Anchorage, Fairbanks, Seattle, San Francisco and Los Angeles areas. Alyeska also will continue to make a nationwide canvass of minority firms which can provide goods or services on the pipeline project.

Eligible firms would be engaged in such businesses as construction, manufacturing, transportation, and wholesale and retail trade, the Department explained.

The Department's Compliance Officer, who is charged with enforcing Interior's regulations, expects subcontract awards with minority business enterprises to be increased by an additional \$5 to \$20 million through its efforts directed towards subcontractors working for Alyeska's vendors, contractors, and suppliers which are not included in Alyeska's goal.

Employment goals for construction on the pipeline project have been set at 26 percent for minorities and 7 percent for women. This is the first time that the Federal Government has required construction goals for women.

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