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THE SECRETARY OF COMMERCE
Washington, D.C. 20230

APR 7 1975

Mr. Walter D. Scott
Associate Director for Economics
and Government
Office of Management and Budget
Washington, D.C. 20503

Dear Mr. Scott:

In response to your February 2 letter, I am submitting the Department of Commerce analysis of organizational options for the Federal Minority Business Development Program. The options analyzed in the enclosed report include the three initially proposed in your letter, the two proposed by the Small Business Administration, and the option recommended by the Department.

The option recommended in this report calls for the transfer of all SBA non-financial minority business programs to the Office of Minority Business Enterprise in Commerce. This transfer would include the resources of the Office of the Associate Administrator for Minority Enterprise, the minority business portion of the 406 Management and Technical Assistance Program, the Minority Enterprise Representative staff, the Minority Vendor Program, and the 8(a) Procurement Program.

Our discussions with Carl Hystad and his staff indicate that OMB will also make a separate review of some of the non-organizational problems of the minority business program. The Department believes that many of the problems of the program cannot be resolved by organizational change, and we welcome this review as a necessary complement to our analysis of organizational options. We would hope that this review would include examination of policies and programs to increase minority access to long-term debt and equity capital, and of methods to increase other Federal agencies' commitment to and cooperation in the minority business development program.

We will be willing to discuss these issues and our analysis of organizational options with you at any time.

Sincerely,

John K. Tabor

ACTING Secretary of Commerce

Enclosure

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DEPARTMENT OF COMMERCE ANALYSIS OF ORGANIZATIONAL OPTIONS FOR THE FEDERAL MINORITY BUSINESS DEVELOPMENT PROGRAM

I. Summary

In its review of the Federal minority business program, the Office of Management and Budget identified the fragmentation of the program's components as the major obstacle to the development of a comprehensive assistance program for minority businessmen. OMB also found that interagency coordination between the Small Business Administration and the Office of Minority Business Enterprise had not eliminated this fragmentation. In a February 2 memorandum, OMB proposed three organizational options as remedies for this problem:

1. Consolidate the OMBE and SBA minority business programs under one manager in SBA.

2. Consolidate the OMBE and SBA minority business programs under one manager in Commerce.

3. 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.

In response to this proposal, SBA submitted two additional options:

1. Consolidate OMBE into SBA's minority enterprise office without any internal SBA consolidation of its minority enterprise programs.

2. Redirect the OMBE program to focus on Federal coordination of the minority enterprise effort, and transfer the rest of OMBE to SBA as above.

And the Department of Commerce identified one additional option:

1. Transfer the resources of the Office of the Associate Administrator for Minority Enterprise, the minority portion of the 406 Management and Technical Assistance Program, the Minority Vendor Program, the 8(a) Federal Procurement Program and the Minority Enterprise Representative staff from SBA to OMBE.

This option consolidates most non-financial, direct Federal assistance for minority businessmen in one agency. By placing all such programs under a single direction, duplicative services and costs are eliminated;

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the need to coordinate these services is eliminated; and as a result, these services can be brought together in a more comprehensive assistance program. The most important aspect of this option is that each minority businessman who enters the program will receive comprehensive and coordinated assistance as his business develops.

II. The Present Program

Minority business development was initiated as a recognized Federal program in 1969. The goal of the program was to provide minorities a greater opportunity to be owners and operators of their own businesses. This program focused on making public and private resources (e.g. new business opportunities, procurement opportunities, capital, business know-how, and management and technical assistance) more available to and supportive of minority business development. While there are over 15 Federal agencies with various minority business programs, the two agencies with the major responsibilities are the Office of Minority Business Enterprise (OMBE) within the Department of Commerce, and the Small Business Administration.

OMBE

Executive Order 11625 assigned to the Secretary of Commerce and OMBE the overall responsibility to promote, develop and coordinate the Federal government's public and private sector efforts to broaden business opportunities for minorities. Accordingly, the OMBE program is functionally divided into three major areas:

-- Private sector resource and capital development: national and 24 regional purchasing councils; minority bank and savings and loan development; voluntary and specialized management assistance; development of business opportunities; MESBIC development.

-- Public sector resource development: Interagency Council for Minority Business Enterprise and its task forces; State and City OMBEs; MBOC and FEB support.

-- Management services and technical assistance: Funding of 213 private, national and local business assistance organizations, including business development organizations (BDOs), construction contractor assistance centers (CCACs) and minority business and trade associations (MB&TAs). These organizations provide management, technical and marketing assistance and loan packaging services to minority businesses.

SBA

The Small Business Administration has played a major role in the financing of minority businesses. There are eight SBA programs which assist minority businesses:

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1. Loan and loan guarantee program.
2. MESBIC licensing and fund matching.
3. Revolving line of credit and surety bond guarantee programs for construction contractors.
4. 8(a) Federal procurement program.
5. 406 program which provides management and technical assistance to SBA loan recipients and 8(a) firms.
6. Minority Vendor Program
7. Small business development workshops.
8. Lease guarantee program.

III. The Problems

Though considerable progress has been made in the past six years, the Federal minority enterprise effort is beset by problems which have had an adverse effect on both the quality and quantity of services provided minority businesses.

1. SBA Internal Coordination

The focus of the SBA minority enterprise program is in the Office of of the Associate Administrator for Minority Enterprise. But, with the exception of the Minority Vendor Program, the Associate Administrator has budgetary and policy authority over none of the eight SBA minority business programs. The other programs are administered by line offices which are responsible for assistance to both majority and minority small businesses.

The SBA minority enterprise staff serves primarily as in-house advocates or ombudsmen and are unable to coordinate SBA assistance for minority businessmen. This organizational alignment within the SBA is accompanied by the strong decentralization authority given the 10 SBA Regional Directors; for example, the 105 Minority Enterprise Representatives across the country report to the Regional Directors rather than to the Associate Administrator for Minority Enterprise in Washington.

The impact of this situation is significant: the lack of authority and stature of the minority enterprise office impairs its ability to influence and coordinate the SBA line offices which control the agency's resources. This creates additional difficulties for other agencies or individuals who seek access to those minority business program offices and resources but are referred instead to the SBA minority enterprise office.

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2. OMBE/SBA Coordination

Recent experience with OMBE/SBA task forces shows that the problem of internal SBA fragmentation has reduced the ability of SBA and OMBE to coordinate their programs into a comprehensive assistance package. OMBE has been asked to deal with the SBA Associate Administrator for Minority Enterprise, but since the Associate Administrator is not in a position to coordinate internal SBA programs, he is not able to coordinate these internal programs with the OMBE program.

Some OMBE and SBA coordination efforts involving line officials in the regions have bypassed the minority enterprise office, and have had significant success; e.g., the joint OMBE/SBA/ACTION pilot program in three cities.

3. Duplication in Outreach Functions

There is duplication in outreach efforts between the SBA minority enterprise representatives and the OMBE-funded organizations. This causes some confusion within the minority business community over where to obtain assistance, and within the private banking and corporate sector over who is responsible for the minority business program.

4. Duplication in Management and Technical Assistance

There is duplication between OMBE and SBA in the provision of management and technical assistance. SBA's $5 million 406 program is used primarily to contract with business assistance organizations to provide management and technical assistance to minority SBA loan clients and 8(a) firms. At the same time, OMBE spends approximately $42 million to fund business assistance organizations to provide management services and technical assistance to minority firms, many of which are those in SBA's loan portfolio or 8(a) program.

This duplication and multiple agency funding has created a number of serious problems: (1) fragmented responsibility and accountability; (2) unclear lines of supervision and contract administration; (3) dual reporting and bookkeeping by the contractor, thus limiting his services provided under contract; and (4) multiple expenditure of Federal staff resources.

Duplication also exists in OMBE and SBA public and private marketing and procurement efforts. This includes duplication in outreach, data collection and marketing efforts between SBA's 8(a) and minority vendors programs and OMBE's minority purchasing councils and other competitive marketing programs.

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5. Lack of Effective Coordination Between the Various Federal Agencies with Minority Enterprise Programs

As it currently operates, the Federal minority enterprise effort has no common program goals, no common planning, program development and budgets. At least 15 Federal agencies have some kind of minority business development effort -- some of them are quite extensive. Yet, there is no comprehensive package of assistance and resources available. Neither the Federal government nor the minority business community can be assured that a minority businessman that enters any one component of the total Federal program will benefit from the other components that are available.

According to Executive Order 11625, the Secretary of Commerce has the authority and responsibility to implement Federal policy in support of the minority enterprise program, and to coordinate the participation of all Federal agencies in the program. Although OMBE has had some success in dealing with such agencies as the Maritime Administration, GSA, EPA and NASA, for the most part, the programs of other Federal agencies have not been effectively used to assist minority businessmen. The fundamental reason for this is that the other Federal agencies were not established to assist minority businessmen. These agencies have entirely separate mission areas and objectives, and their programs have only tangential relationship to minority business development. Consequently, the commitment of these agencies to assisting minority businessmen is often minimal and makes interagency coordination more difficult.

IV. Organizational Options

Past efforts at intra or interagency coordination have not resolved the problem of program fragmentation, and a comprehensive and coordinated assistance program has not yet been made available to the minority business community. In its February 2 letter, the Office of Management and Budget recognized this problem, offered three organizational options as remedies, and asked the Department of Commerce and SBA to analyze these options. In response to this proposal, the Department of Commerce submitted an additional option for analysis, and SBA submitted two additional options. The following analysis will focus on the extent to which these six organizational options can resolve the problems of the current program.

OMB Option I: Consolidate the OMBE and SBA minority business program under one manager in SBA

This option, as proposed by OMB, would consolidate all OMBE and SBA minority programs within SBA, including 220 national and regional OMBE personnel, 213 funded organizations and their staff of 1500, the Interagency Council for Minority Business Enterprise, and non-funded private sector programs. OMB gives no indication of an internal realignment within SBA to accommodate these programs; therefore, it is assumed that the OMBE programs would be housed within the Office of the SBA Associate Administrator for Minority Enterprise.

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This organizational option has some advantages. It would give SBA primary responsibility for the Federal minority enterprise program thereby eliminating most of the program fragmentation and need for coordination between SBA and the Commerce Department. This consolidation would also facilitate the development of common short and long-range minority enterprise program goals.

The Commerce Department believes that the transfer of OMBE to SBA has many disadvantages, however, which will adversely impact upon the performance of the program:

-- SBA's internal organizational problems would not be alleviated. If anything, they would be exacerbated by greatly enlarging the SBA minority enterprise program without providing sufficient authority for the Associate Administrator for Minority Enterprise to direct these programs.

-- The Federal minority enterprise program would lose its separate identity. The OMBE program would be transferred to a non-Cabinet level agency which serves a much wider constituency than minority businesspersons. This loss of minority enterprise program identity would be interpreted in the minority community and public and private sectors as a de-emphasis of the minority enterprise program.

-- The separation between the "lender" and the "promoter" would be lost. This separation is desirable in order to provide the checks and balances necessary for the careful evaluation and financing of only the most promising business ventures. More importantly, banks may be less willing to make direct loans to SBA clients when they know that SBA, as the packaging agency, has its own loan and loan guarantee monies.

   Failure to separate the promoter and developer of packages from the lender could force the promoter to limit his development of packages to the amount of funds known to be available from SBA financial resources.

   The SBA minority loan client needing technical or management assistance may also suffer if SBA manages the M&TA program. Knowing that SBA's prime concern is to protect its investments or loans, the minority businessman is likely to be reluctant to provide SBA any information which, although necessary for proper assessment of the businessman's problems and assistance needs, could cause SBA to call a loan or deny additional financing.

-- Management and technical assistance would be directed primarily to SBA clients. SBA has an inherent conflict of interest in providing management and technical assistance to minority businessmen who are SBA loan recipients. In an attempt to protect its investments or loans, SBA may concentrate all M&TA services on its loan portfolio and 8(a) firms, thereby providing inadequate focus on those minority businesses who have secured financing without SBA participation, but who still require management or technical assistance.

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-- SBA's mandate is to promote small business development. SBA serves primarily non-minority small business. OMBE serves minority businesses of all sizes. While most minority businesses are, in fact, presently classified as "small" businesses, minority enterprise as a whole should not be limited to small business development. The move to SBA would institutionalize prevailing negative attitudes by validating the assumption that minority enterprise is, and will continue to be, small in scope and ambition.

The move from Commerce would also result in a loss of access to corporate resources available from the built-in historical relationship developed between the Commerce Department and the corporate sector.

-- Conflicting constituencies within SBA could result in a loss of program resources. SBA's primary constituency is majority-owned small business, and most of SBA's loans and other resources go to such businesses. The expansion of the minority program within SBA invites conflict and competition with the non-minority businesses which will be forced to share the finite resources of SBA. The OMBE resources transferred to SBA could also be lost in part to this strong majority constituency in SBA. Marketing efforts, for one, will be seriously strained since minority firms are competing with majority firms for both public and private sector markets.

-- A sub-Cabinet level agency would have greater difficulty promoting interagency MBE coordination. Assignment of interagency coordination for the minority enterprise program to a sub-Cabinet level agency will be viewed in the Federal community as a de-emphasis of the program by the Administration. Other agencies will be less inclined to promote MBE or coordinate their activities with SBA and OMBE.

For the reasons enumerated above, the OMB Option I cannot provide an organizational framework which will be conducive to a coordinated and comprehensive assistance program for minority businesses. In addition to the functional or programmatic elements, this option would be unacceptable to the minority business community and its supporters in Congress because of the appearance of effecting a de-emphasis and dismantling of the minority enterprise program.

OMB Option II: Consolidate the OMBE and SBA minority business program under one manager in Commerce

If this option is the same as that recommended by the Department of Commerce, the Department would accept it. To the extent that it differs from the Department's recommendation, either by failing to transfer the 8(a) program to OMBE, or by including some of the SBA financial programs in the transfer, the Department of Commerce recommends against OMB Option II.

Failing to include the 8(a) program in the transfer to OMBE would continue the fragmentation between the two parts of what is essentially a single procurement program -- the 8(a) program in SBA and the competitive procurement program in OMBE. These two programs must be integrated if the benefits of both are to be made available in a coordinated manner to minority businessmen.

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Including part of the SBA financial assistance program in OMBE would place OMBE in the same inherently conflicting situation as SBA would be in if the OMBE non-financial program was transferred to SBA. It would also necessitate the development of an additional and duplicative procedure for processing loan, loan guarantee and MESBIC licensing requests from the minority business community. In addition, the Department of Commerce believes that an actual transfer of SBA financial program resources to OMBE would not be acceptable to either the majority, small business community or its supporters in Congress.

OMB Option 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

This option has many of the problems previously discussed in reference to OMB Options I and II.:

1. It would not resolve the problem of internal SBA fragmentation;

2. It would eliminate a large part of the separate OMBE appropriation;

3. It would place both the financial and non-financial programs in the same organization;

4. It would place the minority business program in conflict with the small business orientation of SBA;

5. It would separate the public procurement program in SBA from the private sector programs in OMBE; and

6. It would separate OMBE's private resource development program from the local minority enterprise delivery system in SBA, and would necessitate extensive coordination between the two.

In addition, this option continues the current problems in SBA/OMBE coordination; and by stripping OMBE of most of its resources, it reduces OMBE's ability to work with and mobilize the private sector. As with OMB Option I., the Department of Commerce believes that Option III. would be unacceptable to both the minority business community and its Congressional supporters because this option would be viewed as a de-emphasis of the minority business program.

SBA Option I : Consolidate OMBE in SBA's minority enterprise office without any internal SBA consolidation of its minority enterprise programs

This option does not differ from OMB Option I., and the Department of Commerce, as previously discussed, recommends against the adoption of OMB Option I.

SBA Option II : Redirect the OMBE program to focus on Federal coordination of the minority enterprise effort, and transfer the rest of OMBE to SBA as above

This option has all of the problems that the Department of Commerce has discussed in reference to OMB Options I., II., and III, and the Department recommends against its adoption.

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Department of Commerce Recommendation: Transfer the non-financial minority enterprise components of SBA to OMBE, and have SBA maintain an exclusively financial role in business development

The Department of Commerce recommendation is based on the premise that there is a critical need for both SBA and OMBE. Rather than eliminate the SBA or the OMBE program, it is suggested that a reorganization take place which will allow each agency to do what it does best, with a minimum of overlap and duplication.

The components of the SBA minority program which will be transferred to OMBE under this proposal are the resources of the Office of the Associate Administrator for Minority Enterprise, the minority portion of the 406 Management and Technical Assistance Program, the Minority Enterprise Representative staff, the Minority Vendor Program, and the 8(a) Federal Procurement Program.

The minority enterprise programs which would remain in SBA are those which are strictly financial or serve both minority and non-minority clients: the EOL/loan guarantee programs; lease guarantee; small business development workshops; surety bond and line of credit; and MESBIC licensing and regulation.

The SBA national minority enterprise staff would be integrated with the OMBE national staff, primarily in the functional areas of interagency coordination and private sector resource development. The SBA staff involved in the administration of the 8(a) program would continue to work on that program, either in the OMBE Washington headquarters or in the regional offices. The MER staff would be assigned to OMBE regional offices to serve as financial or government coordination project officers or as technical support staff in the areas of construction or private procurement.

This recommendation enables both OMBE and SBA to focus on areas of demonstrated competence. The thrust of SBA is on providing loans and other financial assistance to minority and non-minority clients. The concentration within OMBE is on management and technical assistance, private sector resource development and interagency coordination. The basic mission of each agency would be maintained intact as would their networks of interagency, private sector and minority community relationships and cooperative agreement that have been nurtured over the last six years.

The specific advantages of the Commerce Department recommendation are outlined below:

--Overlapping programs are eliminated. The areas of serious overlap and duplication between SBA and OMBE staff and programs would be eliminated. All management, technical and marketing assistance efforts would be

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consolidated in Commerce. There will no longer be occasion for multiple agency funding of minority assistance organizations for similar tasks. The SBA minority enterprise staff would be more productively utilized by assigning them program functions such as public and private market development, interagency coordination, and staff support of MBOCs -- areas which directly benefit minority businessmen and are currently lacking adequate staff resources.

-- The separate appropriation for minority enterprise will be maintained. The minority enterprise program in OMBE will continue to have a separate and distinct appropriation. The Commerce Department cannot divert the separately appropriated OMBE funds; there can be no divergence of these funds from minority business, as might be the case in SBA where the total amount of ME funding can fluctuate at the discretion of SBA administrators and the needs of majority businessmen as well as minority businessmen.

-- Minority enterprise is OMBE's only mission. OMBE's mandate and program are directed solely toward minority business development. There are no conflicting or additional goals or constituencies to dilute the program resources or create internal conflicts, competition and backlash. It offers the highest visibility for the program and sustains minority enterprise as a priority by assuring continued Cabinet status of its parent.

-- The safeguards of the "promoter/lender" concept are maintained. The non-financial assistance program in OMBE will be separate and independent from the financial assistance program in SBA. This functional separation will maintain an arms-length relationship which will ensure that decisions concerning financial assistance are based on sound business criteria. SBA will continue to protect its financial interest in minority firms, placing the responsibility for developing competent financial packages clearly on OMBE and the minority businessman. The minority businessman will increase his ability to succeed in the competitive market by dealing with SBA in the same fashion as he would with a commercial loan officer in a private bank.

-- M&TA resources in OMBE will be available to all minority businessmen, not just SBA clients. If SBA had both the financial and non-financial assistance programs, it can be expected to continue to concentrate its non-financial assistance efforts on those firms that had outstanding loans or loan guarantees, or 8(a) contracts. As a result, many minority businesses may be unable to take advantage of the non-financial assistance programs that would otherwise be available. OMBE, having no investments to protect, would make its M&TA resources available to all minority businessmen with a need.

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-- Commerce provides access to corporate resources. Departmental contacts in the corporate sector are useful in developing and implementing programs related to private procurement, MESBIC development, bank deposits for minority banks, spin-off and new business opportunities, and business expertise. As an example, the Department of Commerce has assisted OMBE in developing contacts in large corporations. These corporate contacts led to the creation of the National Purchasing Council which has generated $660 million in business for minority firms in its first 30 months.

-- OMBE emphasizes decreasing a minority firm's dependency on Federal subsidized programs. There are not enough protected markets or subsidized financing available to support a large number of minority firms, especially when these firms must compete with small, majority firms for these markets or finances. Because of this, OMBE, unlike SBA, has geared its programs toward moving minority firms out of sheltered, subsidized markets into the competitive market. By making greater use of non-subsidized programs, OMBE can graduate mature minority businesses out of subsidized programs, and these programs can then accommodate new minority firms that are not yet ready to face full competition. In this way, the limited resources of these subsidized programs can be used again and again.

The Department of Commerce believes that a reorganization along the lines that it has recommended would be acceptable in both the Congress and the minority business community. Because the recommended option preserves a separate and visible minority business program, it is expected that the minority business community and its Congressional supporters would accept the move. Because the recommended option does not strip SBA of any of its financial program funds, it is expected that the majority, small business community and its Congressional supporters could accept the move.

There are only two disadvantages of any significance to the option recommended by the Department of Commerce. The first is that SBA would be left without a separate minority business program, and would have no in-house minority business advocates. This may result in a decrease in minority access to the SBA loan and loan guarantee programs and a decrease in MESBIC funding.

The second disadvantage is that there will continue to be a need for inter-agency coordination between the OMBE non-financial programs and the SBA financial programs. As discussed above, however, the Department of Commerce believes that it is desirable to keep these programs in two separate organizations. The problems of coordinating two distinct programs should not be as difficult as the problems involved in coordinating two programs that overlap and compete. The major SBA input to the coordination process would be to inform OMBE of the level of funding that SBA has earmarked for minority loans, loan guarantees and MESBICs. Under the Commerce recommendation, this could be done more easily because SBA-OMBE staff rivalries over duplicative

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programs would be eliminated, and because OMBE could deal directly with authoritative SBA officials.

Other Recommended Changes

The organizational change recommended by the Department of Commerce should be accompanied by major changes in several program areas: the OMBE management and technical assistance delivery system; the 8(a) Procurement Program; and interagency coordination.

OMBE Delivery System Changes

Initial research into the problems confronting minority businessmen identified the lack of management and technical expertise as one of the major obstacles to success. Previous efforts to remedy this problem were made by providing assistance through majority business consultants. These efforts were unsuccessful because the majority consultants did not understand some of the unique characteristics of minority businesses or cultures, and because their advice was suspect and not readily accepted in the minority business community. OMBE tried to avoid this problem by contracting with local, community-based organizations to provide management and technical assistance. Because of community and political pressure, and the rapid growth of its program, OMBE made some errors by contracting with some organizations that were unable to satisfactorily provide this assistance.

In the past two years, OMBE has defunded a large number of these poor performers. Current OMBE efforts in this area are being accelerated by selecting OMBE contractors in open competition, with minority experience weighing heavily in source selection. The resources of the SBA 406 program will be used to supplement existing OMBE funds for these competitive contracts.

In addition to changes in the contractor selection process, the delivery system will also be changed by consolidating OMBE-funded organizations in a given geographical area. In many areas, "one-stop centers" will be responsible for providing a full range of loan packaging, marketing, procurement, and management assistance services to all minority businessmen in the area. This change will substantially reduce the number of funded organizations, thereby increasing the funding and resources of those remaining organizations, which should be best equipped to provide more comprehensive and coordinated assistance to minority businessmen. Duplication of services will also be eliminated. A reduction in the number of OMBE-funded organizations would also reduce the amount of paperwork required for OMBE contract administration, and the OMBE staff would have more time to spend on technical support, resource development and program evaluation.

8(a) Program Changes

Most corporations with effective minority purchasing programs have integrated their programs into the day-to-day line operations of their purchasing

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departments. The 8(a) program, as it currently operates, treats minority purchasing as a special program outside of Federal procurement departments. It is unlikely that the program will ever realize its full potential until some administrative improvements are effected.

The major change in the 8(a) program will be the elimination of the SBA subcontracting arrangement, thus allowing minority firms to build a direct customer relationship with the procuring agencies. Federal procurement regulations (ASPR and FPR) should be changed to allow the procuring agencies or activities to contract directly with the 8(a) firms. The 8(a) program would then be administered by the procurement departments of those agencies in the same manner that small business set-asides, labor surplus set-asides, etc., are administered.

OMBE's functions in administering the 8(a) program would include:

1. Working with Federal procuring agencies to stimulate a steady flow of 8(a) contract requirements;

2. Certifying of 8(a) firms, and determining that they are minority-owned; and, assisting in the development of realistic and attainable business plans.

The other change in the 8(a) program is that OMBE would place greater emphasis on moving 8(a) firms into the competitive market by integrating the 8(a) program into its existing private and public sector competitive procurement program.

Federal Interagency Coordination

Statutory legislation for OMBE has been prepared pending the outcome of the OMB study. Statutory authority will give the minority enterprise program increased stature and stability. It should do much to convince other agencies and minority businessmen that the program will be around for awhile. It should induce long-range planning and make the program less political and attached to the life of one Administration.

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FEB 26 1975

THE WHITE HOUSE

WASHINGTON

February 24, 1975

MEMORANDUM FOR FERNANDO DEBACA

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

Attached are the responses from the following agency heads:

- ✓ Department of Justice
- ✓ United States Environmental Protection Agency
- ✓ Veterans Administration
- ✓ General Services Administration
- ✓ Small Business Administration
- ✓ Department of Defense
- ✓ Department of State
- ✓ National Aeronautics and Space Administration
- ✓ Federal Energy Administration
- ✓ Department of Labor
- ✓ Interstate Commerce Commission
- ✓ Department of Agriculture
- ✓ Export-Import Bank
- ✓ Department of Commerce
- ✓ Department of the Interior
- ✓ Department of Treasury
- ✓ Energy Research and Development Program
- ✓ HEW

I am forwarding them to you for your reference and for the information of OMBE and the Inter-Agency Committee.

F. Lynn May

Attachments

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THE SECRETARY OF HEALTH, EDUCATION, AND WELFARE
WASHINGTON, D. C. 20201

FEB 13 1975

MEMORANDUM FOR THE PRESIDENT

Thank you for your memorandum of December 11 regarding the Minority Business Enterprise Program.

We are proud to report that this Department is aggressively involved in the Minority Business Enterprise Program. We have assigned competent, high level staff personnel to provide a liaison and advocate role for all Departmental activities involving assistance to minority enterprises, including planning, establishing, and promulgating Department-wide policy in this specialized program area. My staff has been responsible for bringing about significant improvements in all areas of our Minority Business Assistance Program.

The enclosed report details the progress being made by the Department. For your convenience, the report is tabbed to indicate introductory and concluding statements, and analyses of the major components of the Department's Minority Business Enterprise Program.

We have achieved significant progress over the past four years, and you can count on our continuing to aggressively support this important program.

Secretary

Enclosure

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DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

REPORT ON THE MINORITY BUSINESS ENTERPRISE PROGRAM

January 20, 1975

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INTRODUCTION:

The material which follows cites specific ways in which the Department of Health, Education, and Welfare is working to help improve the economic posture of minority enterprises.

In response to Executive Orders 11458 and 11625, the Department created a full-time, high level staff to coordinate all Departmental activities involving the Minority Business Enterprise Program, including the appointment of Regional minority business coordinators to coordinate minority business activities on a Regional level.

The Department has made the appropriate staff available to conduct in-house minority business seminars for Departmental procurement and program officials and to participate in minority business seminars and conferences held throughout the country. The latter move has been made to inform minority business persons of the Department's minority business activities and of the aids and services available to them.

Through the efforts of the minority business assistance staff, the Department has been able to achieve significant results in all areas of its minority business assistance program. In FY 74, for example, minority-owned firms received $19.5 million in 8(a) contracts, $22.1 million in non-8(a) contracts, and $1.5 million in Federally assisted construction contracts. In addition to this, minority-owned banks received $7.5 million in average daily deposits through Departmental-sponsored programs.

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While the overall dollar volume exemplifies the Department's aggressive efforts in helping to stimulate the economic development of minority enterprises, achievements are even more significant when allowances are made for other noteworthy efforts. Since FY 70, for instance, funds in the amount of $8.3 million have been allocated by the Department for the specific purpose of providing business education and training to minority entrepreneurs. Because of this training, coupled with experience gained in the 8(a) program, minority-owned firms doing business with the Department are becoming more viable. In addition to this, these firms are becoming more diversified in terms of services offered, and are gaining greater accessibility to larger and more difficult contracts.

Some of these factors, along with an increased readiness of program directors and contracting officers to consider minority-owned firms as a means of procuring goods and services, are difficult to measure. Yet, these factors are largely responsible for what has been accomplished, and more importantly, they will play a leading role in what will be accomplished in the future.

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8(a) PROGRAM:

PROGRESS MADE TO DATE: Resulting from vigorous initiatives put forth by the Department, the annual dollar value of Departmental 8(a) contract awards has increased more than seven-fold over the past four years. In FY 71, 8(a) contract dollars amounted to $2.7 million, rose to $13.0 million in FY 72, dropped to $9.6 million in FY 73, and rose to $19.5 million in FY 74. In FY 74, the dollar value per 8(a) contract ranged in size from less than 10 thousand to over 700 thousand dollars.

To be exact, the largest FY 74 8(a) contract amounted to $708,557, and was awarded to Optimum Computer Systems, Inc. for the arrangement of lodging facilities for consultants. Optimum is a New York City based diversified professional consulting firm with expertise in facilities management, operations research, education, socioeconomic and urban problems, and data systems.

The next largest contract amounted to $513,552, and was awarded to Boone-Young and Associates, Inc. to provide technical assistance in the area of family planning. Boone-Young is another New York City based professional consulting firm, and has expertise in such areas as management, program planning and evaluation, economic development, manpower development and training, urban affairs, and social service delivery systems.

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While the annual increases in 8(a) contract dollars speak for themselves, the factors which lie behind the increases should be considered. The most visible of these is a surfaced manifestation of an increasing ability of 8(a) firms to perform larger and more difficult type contracts. One should also consider the plans, efforts, and spirit of the people who carry out the Department's commitment to the Minority Business Enterprise Program. Such factors are, for the most part, unmeasurable. Yet, they are largely responsible for what has been accomplished and more importantly, they are responsible for what will happen in the future.

LIMITING FACTORS: There are no discernible restraints that would retard the progress of the Department's 8(a) program.

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MINORITY BUSINESS DIRECT PROCUREMENT (NON-8(a)):

PROGRESS MADE TO DATE: The dollar value of non-8(a) contracts awarded to known minority-owned firms has increased significantly over the past four years. In FY 71, non-8(a) contracts awarded to known minority-owned firms amounted to $7.3 million, $11.0 million in FY 72, $13.0 million in FY 73, and $22.1 million in FY 74.

In FY 74, the two largest minority non-8(a) contract awards went to two 8(a) approved firms. The largest, amounting to $493,595, was awarded to Social Dynamics, Inc. of Berkeley, California to provide technical assistance for Departmental-sponsored Headstart Programs.

The other contract, amounting to $423,074, was awarded to JWK International of Annandale, Virginia to perform a follow-up study of former vocational rehabilitation clients.

The FY 74 other than 8(a) achievements demonstrate a clear example of how minority businessmen doing business with this Department are exerting an increased willingness to undertake normal corporate risks, and are developing the drives that are essential for competing on an equal footing with other firms in the business community.

LIMITING FACTORS: Determining the total number and dollar volume of non-8(a) contracts awarded to minority-owned firms is a difficult problem. There are no prescribed Federal procedural requirements for

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the collection of data relating to the ethnic identification of business concerns. To correct the situation, the Department is working with GSA and the Inter-Agency Task Force on Procurement for Minority Businessmen to establish a procedure which involves minority business certification as part of the solicitation process. Such a procedure would not only allow agencies to determine the extent to which minority-owned firms are receiving non-8(a) contracts, but it would also allow them to determine the extent to which minority-owned firms are being solicited and the extent to which they are responding to invitation for bids and request for proposals.

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MINORITY BUSINESS SUBCONTRACTING PROGRAM:

PROGRESS MADE TO DATE: Past analyses have indicated that the Department's contracts often do not include subcontracting efforts, and contracting officers have previously not been required to maintain records relating to subcontracts placed by prime contractors. Plans, however, are underway to reevaluate the subcontracting program. All contracts over $500,000 awarded in FY 74 will be reviewed to determine whether subcontract awards are now being made to any appreciable degree.

LIMITING FACTORS: The one problem area in the minority business subcontracting program involves the possible collection of incomplete data. Relating to the minority business subcontracting program, FPR 1-1.1310-2(b) sets forth a reporting clause for inclusion in all prime contracts which may exceed $500,000, and which, in the opinion of the procuring office, offer substantial subcontracting opportunities. In an attempt to expunge the problem, the Department is working closely with GSA and the Inter-Agency Task Force on Procurement for Minority Businessmen to revise FPR 1-1.1310-2(b) to require the reporting of certain minority business information for all prime contracts of $500,000 or more.

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FEDERALLY ASSISTED CONSTRUCTION:

PROGRESS MADE TO DATE: The Interagency Council on Minority Business Enterprise has recently espoused the notion that contracting potentials may exist in Federally assisted construction programs for minority constractors. During the May 9th meeting of the Council, members were asked to determine the feasibility of encouraging the expansion of minority business opportunities in this area, and to explore the idea of a proposed new Interagency Council Task Force for Minority Business Procurement on Federally assisted projects.

The Department of Health, Education, and Welfare has long been aware of the fact that Federally assisted programs offer substantial opportunities for minority business concerns. The Department's Office of Facilities Engineering and Property Management (OFEPM), early in FY 72, embarked upon an intensive campaign to create a greater involvement of minority contractors in the Federally assisted construction program. The campaign was given high priority by OFEPM. A reporting system was established, and briefings were provided for Regional Engineers.

Since that time, the Department has been working hard and imaginatively to help minority construction contractors to benefit from the Federally assisted construction program. Available records show that minority construction contractors received approximately $1.5 million in Federally assisted contracts during FY 74. We expect the figure to be much higher in future years.

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LIMITING FACTORS: There are some inherent difficulties in achieving these types of goals, since the primary mechanisms that the Department has at its disposal are persuasion and goodwill. Of course, minority contractors are being asked to help strengthen the efforts, by seeking out grantees and apprising them of the goods and services that their firms have to offer.

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MINORITY BANKING PROGRAM:

PROGRESS MADE TO DATE: The Minority Bank Deposit Program has high priority on the Department's agenda, although our efforts in this area are somewhat limited, since the Department of Health, Education, and Welfare does not make direct bank deposits. The Department's accounts are controlled by the Treasury Department.

Since early 1971, the Department's primary means of support to the Minority Bank Deposit Program has been through the Social Security Administration's (SSA) Medicare Program. In FY 73, 14 minority-owned banks received $14.7 million in average daily deposits through this program.

For FY 74, the average daily minority bank deposits generated through the SSA program amounted to $6.3 million. The substantial decrease from the FY 73 level can be attributed to the implementation of a Treasury Department approved Delay of Drawdown process, whereby deposits are maintained at the minimum level needed to cover daily transactions. This method, designed to generate savings for the Government, is being applied nationally to all banks receiving deposits of Federal funds through the Medicare Program.

In an attempt to offset the decrease, efforts are now being directed toward other Departmental programs, through the Department's ten Regional offices. In FY 74, for example, the Chicago Regional Office helped a minority-owned bank to maintain an average daily balance of

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$1.2 million in grant funds. The Division of Minority Business Assistance has been instructed to explore other avenues in which Departmental-grant funds can be placed in minority-owned banks.

LIMITING FACTORS: Without exception, grantees are the largest users of Departmental funds, and the potentials for the Minority Bank Deposit Program are excellent. However, the Department has no legal mechanisms for requiring its grantees to do business with any particular segment of the financial community. The only mechanisms that the Department has at its disposal are persuasion and goodwill. Another complicating factor is the matter of grantees relating deposits to a particular Federal agency.

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LOOKING AHEAD:

In looking ahead, the minority business procurement program will continue to be in the forefront of this Department's efforts to channel more business opportunities to minority enterprises. In addition to accelerating our efforts in support of the 8(a) program, increased action will be directed toward the development and improvement in the competitive procuring capabilities among minority-owned firms. In this regard, plans have been made to:

Direct Assistant Secretaries, Agency Heads, and Regional Directors to establish annual minority business goals, and to continuously involve themselves in order to insure that their goals are achieved.

Provide continuous counseling to minority businessmen with respect to procurement policies and procedures; the availability of aids and services; and the opportunities to sell to Departmental grantees and prime contractors, as well as to the Department itself.

Conduct minority business seminars for key officials from both procurement and program offices. These seminars will also be conducted in each Regional office in order to step up the involvement of Regional personnel.

Initiate action to keep local business development offices better informed regarding the availability of business opportunities with the Department.

Insure that a representative from the Department's Minority Business Assistance Staff is available to participate in various minority business conferences, meetings, and seminars sponsored by Federal and State governments and minority business organizations.

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Plans are also underway to place greater emphasis on the Minority Bank Deposit Program, by encouraging grantees to deposit an equitable share of their grant funds in minority-owned banks. Of course, minority banking officials shall be encouraged to help strengthen the efforts by seeking out grantees and apprising them of the services that their institutions have to offer.

The Department shall be striving harder and more diligently to improve the minority business posture with recipients of Departmental funds, by encouraging prime contractors and grantees to make better use of minority enterprises, including minority-owned banks, in the acquisition of goods and services. In the contracting area, emphasis will be placed on consulting/software as well as construction contracts.

Although the Department is experiencing impressive advances with its minority business assistance program, these improvements alone may not be enough to assure survival of minority-owned enterprises in the future. What is desperately needed to complement the current advances and to assure the preservation of these firms could be categorized as managerial "know-how", the keystone of corporate success. However, the demand for such talent in the minority business community far exceeds the supply. To correct the problem, the Department is accelerating action to:

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Create more education and training programs to help minority contractors become more sophisticated in the business management field.

Provide, along with the Department of Commerce, the primary leadership in the Federal Government to identify resources and implement the recommendations outlined in the Final Report of the Inter-Agency Task Force on Education and Training for Minority Business Enterprises.

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SUMMARY OF DHEW MINORITY BUSINESS PERFORMANCE

(In Thousands of Dollars)

FISCAL YEARS 1970-1974

	FY 70	FY 71	FY 72	FY 73	FY 74
8(a) Procurement	$ 125	$2,674	$12,980	$9,625	$19,561
Minority Direct Procurement (non-8(a))	6,044	7,315	10,961	12,936	22,067
Federally Assisted Construction Contract Awards	---	-----	-----	-----	1,500
Other Contract Awards Through Grant Programs, etc.	---	-----	-----	-----	180
Minority-owned Bank Deposits*	---	2,000	9,100	14,700	7,534
Grant Awards**	200	431	2,873	3,226	-----
TOTALS .	$6,369	$12,420	$35,914	$40,487	$50,842

* The figures are shown in terms of average daily deposits. Section F of this report explains the reason for the FY 74 decline in minority bank deposits. The FY 74 figure does not include a $14.0 million minority bank deposit made by a Departmental grantee located in the city of Detroit.

** Grants made to non-profit organizations for the purpose of aiding and/or assisting minority businesses/businessmen. There were no grant awards made for this purpose during FY 74 because of two reasons: the use of contracts to serve this purpose rather than grants, and the transfer of certain Departmental education and training functions to the Department of Labor.

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UNITED STATES
ENERGY RESEARCH AND DEVELOPMENT ADMINISTRATION
WASHINGTON, D.C. 20545

FEB 10 1975

The President
The White House

Dear Mr. President:

RL

Your letter of December 11, 1974 to the Cabinet Officers asked for strong backing of the Minority Business Program and requested a reexamination of each Agency's commitment in assisting the creation of successful minority businesses.

I want to assure you of my continued support in carrying out the objectives of this program.

To accomplish this objective, I have specifically requested each ERDA Program and Installation manager to use every appropriate opportunity to assist in the creation and continuing support of minority businesses by promoting minority business participation as contractors, subcontractors and bankers in ERDA programs, and providing management, technical and financial assistance to such businesses whenever feasible and within our capabilities.

Sincerely,

Robert C. Seamans, Jr.

Robert C. Seamans, Jr.
Administrator

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THE DEPUTY SECRETARY OF THE TREASURY

WASHINGTON, D.C. 20220

FEB 8 1975

MEMORANDUM FOR THE PRESIDENT

Subject: Minority Business Development Program

As you have requested in your December 11, 1974, memorandum to the members of the Cabinet, we have reexamined Treasury's participation in the various facets of the Government's minority business development program.

Our major involvement has been in the areas of minority banking, procurement and entrepreneurial development efforts. Attached is a brief synopsis of our activities in each of these areas.

In addition, Treasury has cooperated with the General Services Administration in their establishment of minority concessions in various Federal buildings we occupy. Our Internal Revenue Service, working with the Office of Minority Business Enterprise, has provided tax advice and training sessions to minority firms; and Treasury field office personnel are participating with the Federal Executive Boards in various localities to assist in their efforts in minority business development.

We pledge to you our continued support of this program and our commitment to seek out every opportunity for providing assistance to minority firms in order that they may become viable assets to the Nation's business community.

Stephen S. Gardner

Attachment

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DEPARTMENT OF THE TREASURY

MINORITY BUSINESS PROGRAMS

1. Minority Bank Deposit Program

Over the years, Treasury has been very active in the program area of minority bank deposits. Our responsibilities and activities in coordinating the Federal Government sector of the program include the following:

- Seeking the assistance of other Federal agencies in making arrangements to utilize minority banks for their banking requirements.

- Furnishing other Federal agencies with rosters of minority banks which have qualified for participation in the program and notifying them as additional banks become participants.

- Reviewing the quarterly reports of Government-controlled funds on deposit with minority banks which are submitted by Federal agencies, maintaining consolidated records of such reports and preparing periodic summaries.

- Maintaining statistical records and preparing periodic statements relating to the deposit growth of minority banks since the inception of the program.

We are also providing liaison between the minority banks and the Government. This includes meeting with representatives of the minority banks and Federal agencies to provide information on the program and the availability of Government deposits in the cities in which minority banks are located. Also, Treasury on occasion serves as clearing house for certain fully discretionary deposits, mainly non-appropriated funds under the control of the military services, which are invested in bank certificates of deposit, bringing together minority banks interested in obtaining this type of deposit and the officials responsible for the investment of the funds.

With respect to our own banking operations, Treasury deposits in minority banks have continually increased every year since the program began. In FY 74, our minority bank deposits amounted to $1.8 million in 18 minority banks, a 45% increase over FY 73. During the first six months of the current fiscal year, the deposits have increased by $210,000.

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2. Minority Business Procurement Program

Treasury has actively participated in both facets of the minority procurement program: direct contracting with minority business firms, and contracting through the Small Business Administration with minority subcontractors under Section 8(a) of the Small Business Act. In Fiscal Year 1974, our direct contracts with minority firms, to the extent they were identifiable as such, amounted to $62,000. Our Section 8(a) contracts for supplies and services from minority firms, through the SBA approximated $200,000. We are pleased to report that one of our 8(a) minority contractors has become able to bid competitively on Government contracts and we have awarded the firm a requirements-type contract this fiscal year in an amount estimated to exceed $200,000.

We have just recently conducted an extensive review of all of our Treasury procurement expenditures in order to examine the potential for greater participation in the 8(a) contracting program. As a result of our study, our Departmental staff is conducting visits with each of our bureau procurement office directors in order to emphasize the need for increased involvement in this program. In addition, we continually stress the 8(a) program to our bureaus through our periodic memoranda to the procurement offices.

We are actively participating in the efforts of the Procurement and Construction Task Force and the Data Subcommittee of the Interagency Council for Minority Business in matching agencies needs with supplies and services available from minority firms and developing appropriate procedures for identifying and reporting these contractual transactions.

We have published a pamphlet entitled, "Selling to the Department of the Treasury" for the purpose of helping the businessman to better understand the procurement operations of Treasury and also provide him with a source of contacts for selling his products or services. A supply of the pamphlet has been distributed to the Office of Minority Business Enterprise installations throughout the country to assist them in helping minority firms to be aware of the types of supplies and services Treasury uses.

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3. Minority Entrepreneur Development

Treasury's Office of Equal Opportunity Program is participating in the on-going Department of Health, Education, and Welfare's Minority Entrepreneur Development Task Force and is actively working with one of the Task Force's subcommittees in the following key areas:

- Establishing a minimum of twelve pilot programs in entrepreneurial career awareness and training for minority youth at the elementary and secondary levels, and for youth outside the established school system.

- Establishing a minimum of six pilot programs in entrepreneurial career awareness and training for adults.

The bulk of our contribution has centered around providing (1) needed planning and research input and consultant expertise, as they apply to Treasury programs, and (2) documented position statements and participation commitments that clearly emphasize and underscore the willingness of the Department and all of its bureaus in minority entrepreneurial training and development endeavors of our assigned subcommittee.

We have offered to the Task Force, and stand ready to provide, wherever possible, any available technical assistance that may be needed in cities designated for initiating minority entrepreneurial awareness programs.

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United States Department of the Interior

OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20240

In Reply Refer To:
EO:MBE
SCSO 27329

FEB 7 - 1975

Dear Mr. President:

I appreciate your memorandum of December 11, 1974, seeking improvements in the Government's minority business development program.

I wish to express my personal commitment to an aggressive minority business program here in the Department. To ensure this, I have delegated the authority and the responsibility for positive results in this program area to the Director, Office for Equal Opportunity who reports to me through the Under Secretary.

Program thrust for the current fiscal year has concentrated on the Small Business Administration's Section 8(a) Program which allows the Department to set aside certain procurements for minority business enterprise. The Department's goal in this area for Fiscal Year 1975 is seventy-four (74) contracts with an estimated total dollar value in excess of $2 million. As of December 31, 1974, I am advised, the Department had accomplished more than half of its goal, both in number of contract opportunities made to minority business and dollar value. The Office for Equal Opportunity is currently surveying the Departmental bureaus and offices for additional contract opportunities.

In addition, I announced this week the Department's acceptance of an affirmative action plan from Alyeska, the company building the Alaska pipeline, to contract with minority business enterprises and to assure equal employment opportunity. This plan pledges a goal of offering at least $200 million in contract bidding opportunities to minority business enterprises. The Department expects subcontract

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Ltr. To the President, President of the United States
Subject: Minority Business Enterprise Program

awards with minority business enterprises to be increased by another $5 - 20 million through efforts of those subcontractors working for Alyeska's vendors, contractors and suppliers which are not included in Alyeska's goal.

The Department has committed itself to the following additional goals for the current fiscal year:

a. Consultant-Software Contracting, 114 opportunities with a dollar value of $2.116 million; and

b. Construction Contracting, $8.735 million.

There is no doubt in my mind that the goals we have set for the Minority Business Enterprise Program will be met and of this juncture I have every confidence that the goals will be exceeded greatly.

Respectfully,

Rogers C.B. Morton
Secretary of the Interior

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

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THE SECRETARY OF COMMERCE
Washington, D.C. 20230

FEB 5 1975

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

RF

Dear Mr. President:

The Department of Commerce focuses its efforts to aid minority businessmen in four major areas. Our primary effort is, of course, through the Office of Minority Business Enterprise, whose own program is divided into two major segments. The first is in its role as the coordinator and stimulator of Federal programs to assist minority entrepreneurs. In this segment, OMBE works through the Interagency Committee on Minority Business Enterprise to encourage Federal Government purchasing and contracting with minority-owned firms, develops programs with other Federal agencies to generate business opportunities for minorities, and coordinates its efforts with the Small Business Administration.

The second segment of the OMBE program is in its nationwide network of about 300 contractors and grantees, through which OMBE provides a wide range of services to minority entrepreneurs who wish to start or expand a business. These services include providing management and technical assistance to existing businesses, identifying new business opportunities, making the expertise of the majority community available to minority businessmen, stimulating State and local government and majority sector purchasing from minority-owned firms, assisting minority businessmen to gain greater access to capital and markets, providing minority businessmen with business oriented training and education, and developing new programs and projects which will assist minority firms to overcome some of the special problems they encounter.

The Department's second major program to aid minority business is in the Economic Development Administration. EDA provides industrial development, technical, and planning assistance to economically distressed areas, and much of this assistance is directed towards socially and economically distressed groups, particularly American Indians.

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The third major area of Department of Commerce assistance to minority business takes advantage of the unique capabilities of some of our major operating units. The Domestic and International Business Administration is a major source of the types of information and analysis that are essential for small business planning and marketing. Its data on and study of franchising have been of significant assistance to both franchisers seeking to bring minorities into their operation and to minorities seeking to enter the franchising field. It has developed guides to show small businessmen how to use statistical data to analyze markets and business operations. In addition, DIBA, through its district offices, identifies private sector opportunities for minority businesses, works with the OMBE field offices and contractors to ensure that minority businessmen are aware of and take advantage of the services offered by the Department, and assists the Federal Executive Boards' Minority Business Opportunity Committees.

The Social and Economic Statistics Administration aids minority businesses by providing data on the condition and performance of minority business and on the markets for the products and services of minority firms. In the first area, SESA has conducted two major surveys of minority-owned businesses and is currently discussing with OMBE the development of a statistical information system that will provide data to allow for the evaluation of both the economic performance of minority firms as well as the success of OMBE's various assistance programs. In the area of market data, SESA has participated in and made presentations to minority business group meetings and conferences in order to acquaint minority businessmen with the kinds of data available from SESA and how that data can be used most effectively to locate and expand businesses, identify and assess markets, and plan and buy advertising.

The Maritime Administration has an ongoing program to promote the use of minority entrepreneurs in subcontracting to the shipping and shipbuilding companies in the United States. MarAd has assisted all the major companies in developing a minority business program, has identified and published a directory of those minority firms capable of serving the maritime industry, and has participated in minority organization conventions to encourage more minority firms to seek opportunities in the maritime industry. In addition, MarAd has encouraged maritime firms to deposit their private funds in minority banks, and in a joint effort with OMBE, has recently assisted in the formation of three minority firms to participate directly in the maritime industry.

All of the Department's operating units are participating in our fourth major area of assistance to minority business, namely increasing the

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level of Departmental purchasing from minority-owned firms. We have contracted for or purchased such items as printing services, consultant services, office supplies, and data processing services. In Fiscal Year 1974, the Department purchased $48.9 million worth of goods and services from minority-owned firms, a figure equal to 20% of the Department's purchases for all items other than ship construction.

The other three areas of our program to assist minority business have been equally effective. OMBE's efforts with other Federal agencies have helped to increase Federal procurement from minority business from $30 million in Fiscal Year 1970 to $747 million in Fiscal Year 1974, and have resulted in four major agreements with other agencies to generate more minority business opportunities. In Fiscal Year 1974 OMBE's funded organizations assisted 25,000 minority businessmen, packaged 4,600 loans worth $200 million, and generated 3,800 procurement contracts valued at over $250 million.

Our assistance through the Economic Development Administration has resulted in over $44 million in Fiscal Year 1974 grants to define and implement plans for minority economic development. These grants have been used to finance such items as water and sewer system expansion, timberland improvements, plant construction, and aquaculture development. Minority businessmen continue to seek the data and the analytical expertise of the Social and Economic Statistics Administration and the Domestic and International Business Administration, and our maritime minority business program has generated more than $6 million in minority subcontracts for shipping and shipbuilding and over $1 million in deposits in minority banks.

Despite the effectiveness of our efforts and the efforts of other Federal agencies, much more must be done. The combination of material shortages, inflation and recession has hurt minority businesses badly. Most minority businesses are still located within the central cities and tend to service a minority clientele which has been hard hit by early layoffs. In addition, weak credit cushions and tenuous supplier relationships which mark so many minority businesses contributed to the early loss of material sources. In Commerce, and particularly in OMBE, we have attempted to counteract these forces by focussing on increased assistance to existing firms rather than on creation of new ones. Our efforts in this area would be significantly assisted by a greater commitment from the country's large corporations and by a more aggressive response from some of the other Federal agencies.

Respectfully,

Secretary of Commerce

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FEDERAL ENERGY ADMINISTRATION
WASHINGTON, D.C. 20461

FEB 3 1975

OFFICE OF THE ADMINISTRATOR

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

Dear Mr. President:

The Federal Energy Administration has benefited from the experience of the Office of Minority Business Enterprise, the Small Business Administration and other Federal departments and agencies in ensuring assistance to minority business enterprises.

There is presently being established an Office of Small Business within FEA charged with the responsibility of representing the small and minority business point of view in the policy process and taking appropriate measures to assist small and minority businesses. Through this mechanism we hope to assure that the members of minority groups who own and operate businesses are not forced to bear inequitable burdens.

We have also decided that the FEA procurement goal for the coming year, including management assistance where required, will be ten percent of the contracts awarded.

These efforts are directly designed to promote a successful minority business community.

Respectfully,

Frank G. Zarb
Administrator

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THE SECRETARY OF DEFENSE
WASHINGTON, D.C. 20301

1 FEB 1975

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Minority Business Enterprise Program

The Department of Defense (DOD), in response to your memorandum of December 11, 1974, submits herewith a summary report covering the extent and effectiveness of Defense participation in programs providing support for minority business enterprise.

Since the advent of this program in 1969, we have cooperated fully with the Office of Minority Business Enterprise (OMBE) of the Department of Commerce, the Small Business Administration (SBA), and the Interagency Council for Minority Business Enterprise, in furthering the objectives of assisting minority business development. For example, DOD, the Council, OMBE, and SBA were involved initially in developing the policies and procedures that give preferential treatment to disadvantaged and minority business firms seeking to participate in the federal procurement process through contracting with the SBA under authority of Section 8(a) of the Small Business Act. Following establishment of this program, DOD has been the principal supporter of 8(a) contracting by providing over 50% of the contract award dollars.

In Attachment No. 1, we have furnished a summation of our accomplishments concerning the involvement of minority business firms in defense procurement. These statistics cover 8(a) contract awards, as well as all available data on competitive awards to minority concerns at the prime and subcontract levels. We believe that the total for competitive awards to minority firms is understated. We are confident that additional competitive awards have been made to minority-owned firms that are not included in these totals, but we have not as yet fully identified them. Our

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purchasing activities are working with the field organizations of other agencies and with private groups to identify these minority firms and to promote their participation.

Next, in calendar year 1970, we cooperated with OMBE in developing the Minority Business Concessions Program which provided originally for the establishment of minority concessions in all federal buildings. Our initial commitment was the creation of three minority concessions in the Pentagon Concourse. These concessions, which are presently in operation, were created jointly by the DOD Concessions Committee and the Mayor's Economic Development Committee. As indicated in Attachment No. 2, the scope of this program was expanded later to include minority concessions opportunities in the military exchanges.

We also assisted the Council's Interagency Task Force on Procurement for Minority Businessmen in 1970 in developing a program of Minority Business Opportunity Conferences. Through the use of presentations, counseling, seminars, films, exhibits, and the distribution of informative material, these conferences were designed to acquaint minority entrepreneurs with defense and other federal procurement opportunities. DOD participated fully in 85 of these conferences.

DOD and other federal agencies of the Procurement Task Force developed policies and procedures in 1971 for two other minority business programs. The first program was an augmentation of procurement opportunities for minority business concerns through the establishment of a minority business subcontracting program paralleling that of our Small Business Subcontracting Program. In addition to affirmative actions encouraging subcontracting to minority firms that we require from our major suppliers, we obtain quarterly reports from them showing the volume of their purchases from minority-owned firms. This is coupled with periodic on-site reviews by our contract administration personnel. Statistics covering subcontracting awards to minority firms are also included in Attachment No. 1.

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The second program was to divert nonappropriated funds to minority-owned banks under the Treasury Department's Minority Bank Deposit Program. A primary DOD objective in this program is to extend equal opportunity to minority-owned banks to gain access to, and use of, funds deposited with financial institutions. DOD nonappropriated fund managers, utilizing Treasury Department guidelines, now follow procedures that solicit bids from minority-owned banks when funds become available and, within reasonable bounds of competition, extend preferential treatment to such banks in awarding investments. Attachment No. 3 contains a record of our accomplishments in this program area.

During the intervening years, we carefully reviewed the extent of our commitment to support the objectives of this program. We believe that this commitment is strong and has been supported throughout all levels within the DOD. As this report shows, our total achievements for minority business development over the past few years have been moving steadily upwards in most areas. Nevertheless, we believe business opportunities for minority firms must be further improved, particularly during this critical economic period. In this regard, we have continuously instructed our personnel to exert greater efforts in the accomplishment of this objective. We intend to continue this emphasis in the future.

A. P. Clements, Jr.

Deputy

Attachments
As stated

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MINORITY BUSINESS ENTERPRISE PROGRAM
(PROCUREMENT)

The procurement aspect of this program involves, principally, entering into noncompetitive contracts for supplies, services, and construction requirements with the Small Business Administration (SBA) pursuant to Section 8(a) of the Small Business Act. The SBA, in turn, subcontracts these defense requirements with their approved minority-owned business firms or others. Additionally, defense procurement personnel are encouraged to increase competitive prime and subcontracting opportunities to minority-owned firms to the maximum practical extent. This effort is accomplished largely through the aiding, counseling, and other appropriate procurement assistance provided to minority businessmen by DOD Small Business and Labor Surplus Area Specialists located at all major DOD procurement activities, as well as large defense prime contractors.

From 1 July 1969 through 31 December 1974, DOD has awarded 2,083 contracts under Section 8(a) procedures to SBA totaling $417.4 million. More detailed data covering 8(a) awards, as well as available statistics on competitive awards to minority firms at the prime and subcontract levels are attached.

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SECTION 8(a) AWARDS WITH DOD AGENCIES
(Per SBA Statistics Through Dec 31, 1974)

Agency	FY's 1969-74	1/2 of FY 75	Totals
Dollar Value of Awards			
Army	$185,972,273	$34,225,338	$220,197,611
Navy*	53,039,459	6,458,488	59,497,947
Air Force	74,340,842	8,305,480	82,646,322
DSA	50,653,679	4,366,353	55,020,032
DOD Total	$364,006,253	$53,355,659	$417,361,912
Number of Awards			
Army	655	76	731
Navy*	363	35	398
Air Force	797	32	829
DSA	118	7	125
DOD Total	1,933	150	2,083

* Includes Marine Corps

Attachment No. 1
(Page 2 of 6 pages)

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SECTION 8(a) AWARDS WITH DOD AGENCIES
(Per SBA Statistics Through Dec 31, 1974)

Dollar Value of Awards

Agency	FY's 1969-72	FY 1973	FY 1974	Totals
Army	$ 50,935,454	$55,54[illegible],879	$ 79,489,940	$185,972,273
Navy*	20,489,647	16,84[illegible],769	15,707,043	53,039,459
Air Force	29,464,624	15,39[illegible],502	29,481,716	74,340,842
DSA	21,251,325	9,95[illegible],104	19,452,250	50,653,679
DOD Total	$122,141,050	$97,73[illegible],254	$144,130,949	$364,006,253

Number of Awards

Army	236	18[illegible]	234	655
Navy*	163	10[illegible]	94	363
Air Force	297	22[illegible]	275	797
DSA	41	3	44	118
DOD Total	737	54[illegible]	647	1,933

* Includes Marine Corps

Attachment No. 1
(Page 3 of 6 pages)

SECTION 8(a) AWARDS WITH DOD AGENCIES
(Per SBA Statistics Through Dec 31, 1974)

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Dollar Value of Awards

Agency	FY 1969	FY 1970	FY 1971	FY 1972	Totals
Army	$1,969,027	$ 5,304,220	$10,241,958	$33,420,249	$ 50,935,454
Navy*	896,920	3,147,745	5,099,719	11,345,263	20,489,647
Air Force	3,651,768	2,474,808	5,480,013	17,858,035	29,464,624
DSA	1,993,380	2,471,600	6,584,543	10,202,325	21,251,325
DOD Total	$8,511,095	$13,398,373	$27,406,233	$72,825,872	$122,141,050

Number of Awards

Army	7	23	38	168	236
Navy*	4	27	50	82	163
Air Force	11	26	59	201	297
DSA	4	2	11	24	41
DOD Total	26	78	158	475	737

* Includes Marine Corps

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DOD PRIME CONTRACT AWARDS TO MINORITY BUSINESS CONCERNS
(Competitive Awards of $10,000 or More)

CATEGORY	FY 1974 No. of Awards or Actions	FY 1974 Dollar Value (In Millions)	FY 1975 (through 31 Dec 74) No. of Awards or Actions	FY 1975 (through 31 Dec 74) Dollar Value (In Millions)
Awards for Consultant-Software*	2	$ .071	0	$ 0.0*
Awards for Construction	77	7.8	58	4.455
Awards for Architectural and Engineering	unknown	unknown	27	1.243
Awards for "All Other"*	366	19.2	146	9.801*
TOTALS	445	$27.071	231	$15.499

* Statistics for these categories are based on data through 30 Nov 74 for FY 1975.

NOTE: The FY 1975 totals for Architectural and Engineering and Construction awards are based on approximate and/or estimated figures provided by the military services.

DEPARTMENT OF DEFENSE
PLANTS PARTICIPATING IN THE MINORITY BUSINESS CONCERNS
SUBCONTRACTING PROGRAM

JULY 1972 - SEPTEMBER 1974

(THOUSANDS OF DOLLARS)

PERIOD	FISCAL YEAR 1973 JUL 72 - JUN 73		1974 JUL 73 - JUN 74		1975 JUL 74 - JUN 75	
	NUMBER	AMOUNT	NUMBER	AMOUNT	NUMBER	AMOUNT
TOTAL	216	$22,137	274	$52,434	R/ 217	P/ $17,242
JULY - SEPTEMBER	1	29	179	12,017	217	17,242
OCTOBER - DECEMBER	21	2,878	208	12,346		
JANUARY - MARCH	175	8,126	236	12,902		
APRIL - JUNE	174	11,104	254	15,169	R/	

P/ PRELIMINARY, SUBJECT TO REVISION.
R/ REVISED.

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MINORITY BUSINESS ENTERPRISE PROGRAM
(DOD AND THE MINORITY BUSINESS CONCESSIONS PROGRAM)

The minority concession program has been wholeheartedly endorsed and vigorously implemented throughout the military exchange systems of the Military Departments. Consistent with the spirit of this program, continuing positive and innovative actions have contributed to its growth. A summarization of some major actions follows.

In September 1973, the DOD completed a survey of all military installations in the United States where exchanges are located to determine the potential for establishing new concession opportunities. Newly identified concessions were set aside for contract award on a noncompetitive basis to minority business firms or individuals. Additionally, a timetable for the opening of each concession was suggested by commands concerned. As a result of this survey, approximately 175 new concession opportunities were identified. Office of Minority Business Enterprise (OMBE) and Small Business Administration (SBA) representatives were designated to assist military commands in locating qualified minority contractors for these concessions. At the present time, 23 of these have been successfully contracted to minority individuals or firms. Efforts are continuing with OMBE and SBA representatives to locate qualified minority contractors for the remainder. Throughout this effort there has been a slow but steady increase in the number of contract awards.

Examples of emphasis placed on the program include:

1. The establishment of Minority Business Enterprise Program Committees at exchange headquarters to monitor actions in furtherance of the program;

2. Participation in Minority Business conferences for the purpose of interviewing prospective suppliers and contractors and the distribution of military exchange literature;

3. Headquarters and command letters and personal messages stressing the importance of the program and urging direct commander participation;

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4. Periodic meetings and correspondence with representatives of the OMBE in furtherance of identification of and assistance to minority business individuals or firms;

5. Periodic reports through command channels to Departmental headquarters indicating progress of the program;

6. Reservation of all future newly identified concession requirements for contract negotiation with minority individuals or firms.

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MINORITY BUSINESS ENTERPRISE PROGRAM
(DOD AND THE MINORITY BANK DEPOSIT PROGRAM)

The Department of Defense continues its effective participation in this program in cooperation with the Department of the Treasury, the overall monitor of this important effort.

In 1971 we were recognized as the first department within the federal community to reach our goals in the area of deposits in minority banks. Our goal was $10.0 million, but the total effort of the Department of Defense culminated in deposits of $11.2 million. Activity held at this level through mid-1973, at which time we experienced an upward surge of funds being placed on deposit. Since then we have held at balances in the range of $16.0 to $20.0 million.

Our last quarterly report (end-September 1974) shows deposits of $17.7 million, which exceeds our current goal of $15.0 million. These accounts range from a low of $5 thousand up to $3.1 million, and are on deposit in 37 different banks located in 15 states.

Our end-September 1974 deposits of $17.7 million showed a decrease of slightly over $2.0 million from the previous quarter. This development was discussed with Treasury representatives, who noted that most federal agencies were experiencing similar decreases. Treasury attributed this situation to tighter conditions in the national money market.

We continue to monitor and foster the active participation of all three Military Departments in this highly worthwhile program.

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Attachment No. 3
(Page 1 of 1 page)

S/S 7424313

THE DEPUTY SECRETARY OF STATE

WASHINGTON

January 31, 1975

MEMORANDUM FOR: THE PRESIDENT

From: Robert S. Ingersoll RSI

Subject: Assistance to Disadvantaged Minorities

In response to your memorandum of December 11, I want to assure you that this Department is fully committed to assisting the creation of successful minority businesses. We shall continue our support of the policies formulated by the Office of Minority Business Enterprise and the Small Business Administration through our active membership in the Interagency Council of Minority Business Enterprise, and in our participation in the Council's Interagency Task Force on Procurement for Minority Businessmen.

The Department of State has a very small domestic procurement staff and most of our supply and service requirements are obtained through the facilities of the General Services Administration. Consequently, very little opportunity arises for our direct assistance to minority businessmen. Nevertheless, I am asking all officers responsible for procurement to afford maximum opportunity for the participation of minority businesses in the performance of work or the rendering of services for the Department.

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NATIONAL AERONAUTICS AND SPACE ADMINISTRATION
WASHINGTON, D.C. 20546

OFFICE OF THE ADMINISTRATOR

JAN 31 1975

The President
The White House
Washington, DC 20500

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Dear Mr. President:

RL

I am responding to a request of the Under Secretary of Commerce, the Honorable John K. Tabor, that we inform you of the progress being made by NASA in its pursuance of the minority business program.

I am pleased to forward a summary report of our activities which indicates the attention being accorded the program within NASA. Though our efforts have been moderately successful, we recognize that there is much that can and must be done. For this and other reasons, we have recently established Minority Business Enterprise Program Councils at each of our field Centers, focusing the attention of NASA management officials on the special needs of the minority business community.

We greatly appreciate the strong program emphasis set forth in your memorandum of December 11, 1974. I have forwarded the memorandum to each of our Center Directors, asking that they assume personal responsibility for its translation into positive results on our part.

I assure you of NASA's continued support of the Minority Business Enterprise Program, and of its increased emphasis in this period of economic stress.

Respectfully,

James C. Fletcher
Administrator

Enclosure

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Summary Report of NASA's Minority Business Enterprise Program

NASA's Minority Business Enterprise Program is provided for in the NASA Procurement Regulation. This directive cites national policy as its basic authority and sets forth the principal elements of the program as (1) the identification, development and solicitation of minority business sources, (2) the assistance of minority firms through counselling and ensuring an awareness of prime and subcontract opportunities, and (3) contracting with minority firms through the Small Business Administration. The responsibility for program management has been placed with NASA's senior procurement official, the Assistant Administrator for Procurement. The Deputy Administrator is NASA's representative on the Interagency Council for Minority Business Enterprise.

In an effort to ensure an increasingly effective program, an executive level Minority Business Enterprise Program Council has been recently established at each NASA field Center. Chaired by the Center's Deputy Director, each Council functions as a planning-advisory group, and provides for the participation of all field level senior management personnel who may impact the minority business program. A principal responsibility of the Council is the development and surveillance of the Center's annual minority business program plan.

Though the principal direction of the minority business program has been through noncompetitive Section 8(a) contracting, increased emphasis has been placed on the participation of minority firms in competitive prime and subcontracting opportunities. The following table reports the monetary value of known NASA awards to minority firms. Direct and subcontract awards to minority firms were not reported prior to FY 73.

Minority Business Procurement Awards

Fiscal Year	Total MBE Awards	Direct Awards	Section 8(a) Contracts	Reported Subcontracts
70	$ 76,909	-	$ 76,909	-
71	1,399,530	-	1,399,530	-
72	3,222,050	-	3,222,050	-
73	12,524,986	$2,155,846	7,161,461	$3,207,679
74	21,855,829	1,178,829	12,896,000	7,781,000

Since program inception, over $39 million in known NASA prime and subcontract awards have been made to minority firms. In FY 73, minority awards totalled $12.52 million; in FY 74, this increased to $21.86 million. NASA has established a FY 75 Section 8(a) goal of $15 million and expects a substantial increase in its total minority business awards during this fiscal year.

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NASA has also established the requirement for its major contractors to assume affirmative obligations with respect to subcontracting with minority firms. Particular management attention is being given to this aspect of the hardware procurement for the Space Shuttle program. Similarly, NASA has established a 20 percent minority subcontracting goal for the multi-million dollar Space Shuttle construction program at the Kennedy Space Center.

NASA's minority business program has been increasingly successful. It is NASA's intent that it pursue a balanced, comprehensive effort. This presumes its involvement in every aspect of the program to ensure the participation, successful performance and viability of the minority business community.

NASA has pledged its complete support of the Minority Business Enterprise Program, and is taking a leadership role in ensuring its success.

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UNITED STATES OF AMERICA
GENERAL SERVICES ADMINISTRATION
WASHINGTON, DC 20405

JAN 31 1975

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The President
The White House
Washington, DC 20500

Dear Mr. President:

This pertains to your memorandum of December 11, 1974, to the Heads of all Departments, concerning assistance by the Federal Government to minority-owned businesses.

In response to your request, I have reviewed the status of key programs General Services Administration (GSA) has developed and implemented to encourage minority business participation in Federal procurement programs and, thereby, to enhance minority business participation in the private sector. A synopsis of GSA's efforts can be found in the enclosure to this letter.

We at GSA are extremely proud to have contributed to this important program and shall continue to commit our resources to the fullest possible extent to accomplish the objectives which you set forth.

Respectfully,

Arthur F. Sampson
Administrator

Enclosure

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SYNOPSIS OF THE GSA MINORITY BUSINESS ENTERPRISE PROGRAM

The Section 8(a) Program in GSA

GSA has used Section 8(a) of the Small Business Act as its primary vehicle to assist disadvantaged firms since the inception of the Government's minority business program in 1969. From the program's inception through the first half of Fiscal Year 1975, GSA has awarded over 1,600 8(a) contracts valued in excess of $139 million. This effort represented approximately 22 percent of the total number of 8(a) contracts awarded and 16 percent of the total dollar value of all 8(a) contracts let by the entire Federal Government.

Following is a brief list of the highest value 8(a) contracts awarded within the last 2 years for concessions, construction, manufactured items, and services, respectively:

Rivera's Auto Service Center, Inc. Golden, Colorado	Automotive Service Center (currently in second year of 20-year contract)	$10,000,000 (20-year lease)
Benjamin Construction Co. St. Thomas, Virgin Islands	New construction of U. S. Courthouse	$5,802,000
Golden Oak, Inc. Vernon, California	Executive wood office furniture	$4,478,239
D. P. Associates Huntsville, Alabama	ADP technical support services	$1,364,093

Note: On a monthly basis, cumulative GSA 8(a) award data are provided to Mr. Stanley Scott at the White House.

GSA Minority Business Concessions Program

The objective of the Minority Business Concessions Program is to provide viable business opportunities for minority entrepreneurs in Federal buildings and on other federally controlled facilities throughout the Nation. Since the inception of the program in 1970, technical, managerial, and logistical assistance

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has been furnished to help establish these minority-owned concessions in GSA controlled buildings. Concessions are also awarded under the provisions of the SBA 8(a) program.

Presently, we have 59 8(a) minority concessions in operation. These businesses, which include gift shops, dry cleaning establishments, florists, shoe repair shops, etc., realize gross sales of approximately $2.1 million annually.

The Concessions Program is coordinated among all Federal property managing agencies by the Interagency Task Force on Minority Business Concessions, which GSA has chaired since its inception in 1970. Through the Task Force, GSA, SBA, and OMBE recently concluded an agreement to provide more intensive marketing and management assistance to existing concessionaires in an effort to increase viability of these businesses.

GSA Business Service Centers (BSC)

GSA's 13 BSC's counsel businessmen and provide information on Federal procurement opportunities to current and potential Government prime contractors and subcontractors. BSC personnel have greatly strengthened the GSA minority business enterprise effort by actively seeking out potential minority suppliers for the Government's needs. They accomplish this effort by searching through minority business directories and by consulting professional and trade associations and leaders in the minority business community. In Fiscal Year 1974, BSC personnel counseled over 10,500 minority-owned business representatives. For Fiscal Year 1975 through November, over 3,200 minority firms were counseled. Based on current projections, the BSC's estimate that representatives of approximately 8,000 disadvantaged firms will have been counseled during Fiscal Year 1975.

Minority Business Participation in GSA's Competitive Procurements

Through the combined efforts of GSA Business Service Centers and personnel from GSA's regional operating programs, great emphasis is placed on increasing the participation of minority businesses in competitive procurements. More and more minority firms are being identified as potential suppliers and are added to GSA's bidders' mailing lists. As a result of these efforts, during Fiscal Year 1974, GSA awarded 869 competitively advertised contracts valued at $2.4 million. It is anticipated that over 600 competitive contracts worth almost $6 million will have been awarded to minority enterprises during Fiscal Year 1975.

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GSA Participation in Minority Business Seminar Program

From 1969 through 1973, GSA arranged for all physical requirements and paid for the space for more than 80 federally sponsored minority business seminars held in key cities throughout the nation. GSA's Business Service Centers handled all public relations efforts for each seminar and provided business specialists for procurement counseling. Currently, GSA personnel counsel minority businessmen on procurement opportunities in locally sponsored minority trade fairs, conventions, and seminars.

GSA's Role in Local Federal Executive Boards (FEB)

In each of the 10 Regions, GSA officials have demonstrated leadership in local FEB activities by chairing or actively participating in functions designed to promote minority enterprise, including local Minority Business Opportunity Committees (MBOC's), which are standing committees of the FEB's. As a member of the local MBOC, GSA assists in establishing regional goals for the 8(a) program and other minority business initiatives.

GSA Regional Minority Business Enterprise Advisory Councils

On November 22, 1974, I recommended that each GSA regional office consider establishing an internal GSA Regional Minority Business Enterprise Advisory Council to ensure effective implementation of the overall GSA Minority Business Program. The objective of the program is to promote greater minority program interaction among GSA's component offices and between GSA and other Federal agencies. The benefits to be derived from such a concerted effort include:

- coordinated provision of procurement opportunities.
- assistance in the development of education and training programs.
- the establishment and preservation of on-site concessions.
- the development of liaison with the minority business community.
- provision of GSA resources to other Federal agencies, including local Minority Business Opportunity Committees (MBOC) of the Federal Executive Board (FEB).

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The Councils will serve as the regional focus for interchange of program policy and information and will be the central point of contact for local organizations involved in the minority business effort, including SBA and OMBE. Five regions have already established Councils.

Competitive Minority Procurement Initiative

In Fiscal Year 1974, the Interagency Task Force on Procurement for Minority Businessmen, which is chaired by M. J. Timbers, Commissioner of the GSA Federal Supply Service, established an objective intended to stimulate minority business participation in Federal competitive procurements. Pursuant to that objective GSA, in conjunction with the Procurement Task Force, developed a proposed Federal Procurement Regulation to institute a competitive procurement affirmative action requirement. At the same time, GSA drafted a new minority subcontracting reporting format which will aid all Federal agencies in their efforts to assure that minority businesses obtain a fair share of major Federal prime contracts. These regulatory proposals were placed in interagency clearance through GSA's Office of Federal Management Policy, which is responsible for promulgation of the Federal Procurement Regulations.

Minority Subcontracting Initiative

In addition to the GSA efforts to revise the Federal Procurement Regulations (FPR) dealing with minority subcontracting, GSA is undertaking an indepth study of the minority subcontracting efforts of its major prime manufacturing contractors. Firms with contracts valued in excess of $500,000 are being contacted to determine if the FPR affirmative action requirements for subcontracting are being observed. It is expected that this action will further encourage these major contractors to utilize minority subcontractors as suppliers.

GSA Participation on the Interagency Council for Minority Business Enterprise

Two of the Task Forces of the Council are chaired by GSA officials:

- Interagency Task Force on Procurement for Minority Businessmen, chaired by Michael J. Timbers, Commissioner, Federal Supply Service.

- Interagency Task Force on Minority Business Concessions, chaired by William Campbell, Acting Assistant Commissioner for Buildings Management, Public Buildings Service.

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Further, GSA has representation on the following task forces of the Council: the Education and Training Task Force, Indirect Procurement Working Group, Data Subcommittee, and MBOC Task Force.

GSA Activity on the Procurement Task Force (PTF)

GSA representatives actively participate in each of the four working groups of the PTF:

- Sponsorship Working Group
- Indian Working Group
- Procurement/Civil Rights Interface Working Group
- Direct Construction Working Group

Role of Office of Civil Rights

In addition to their contract compliance functions, GSA's Office of Civil Rights conducts and participates in community seminars to explain GSA's role in minority business enterprise. Contract Compliance Officers, during the course of their contractor reviews, recommend to GSA contractors that minority firms be considered for any subcontracting needs.

Role of Socio-Economic Policy Staff

The Socio-Economic Policy Staff, Federal Supply Service, coordinates and monitors the overall GSA effort to assist minority businesses. The staff is the central point of contact for all matters pertaining to GSA's participation in the Government-wide Minority Business Program.

Special Efforts in the Minority Business Program

GSA's achievements in the minority business area have been due largely to carefully coordinated efforts between GSA Central Office and its regional offices. However, certain special projects have been undertaken in GSA's regional offices which reflect individual, as well as agency, commitment to the program. For

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example, GSA's regional office located in Washington, D.C., has developed an "Under $2,000 Program" for building services and construction contracts whereby minority contractors are systematically included in all bid solicitations.

GSA's Region 4 in Atlanta has on a trial basis furnished advance copies of specifications and job plans of certain prime construction contracts to potential minority subcontractors to apprise them of subcontracting opportunities.

In GSA Region 10, Auburn, Washington, the Office of Civil Rights has implemented a technology assistance program for minority construction contractors in blueprint reading, estimating, and graphics. The instruction is provided at no cost to the contractors by GSA engineers and architects and private industry contractors. Since the inception of the program in 1971, 40 persons have successfully completed the courses.

Although this has not by any means been an exhaustive citation of GSA's efforts to promote the Minority Business Enterprise Program, it is indicative of the total commitment of this agency and the team spirit of its personnel to further the interests of minority firms.

GSA 1/31/75

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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.

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° 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.

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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.

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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,

Thomas S. Kleppe

Thomas S. Kleppe
Administrator

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UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

JAN 30 1975

THE ADMINISTRATOR

Dear Mr. President:

In response to Under Secretary of Commerce John K. Tabor's letter of December 31, 1974, asking Agencies/Departments to submit by January 31, 1975, progress reports on their Minority Business Enterprise Programs, this is to advise the Executive Office of the President that our Agency is making an extensive review and investigation of areas of EPA jurisdiction which may provide for increased opportunity for minority business enterprise involvement.

RL

Consistent with Presidential Executive Order 11625, entitled "Prescribing Additional Arrangements for Developing and Coordinating a National Program for Minority Business Enterprise," EPA developed a Minority Business Enterprise Program (MBEP) directed at expanding opportunities and capabilities of minority business enterprises and individuals to meet research and development needs of the Agency. A proposal has been developed jointly by our Contracts Management Division and our Office of Education and Manpower Planning in cooperation with the Department of Commerce's Office of Minority Business Enterprise (OMBE) to train minority group members for professional business careers in the area of pollution abatement.

One area that lends itself admirably to private enterprise is the self-supporting provision of the Federal Water Pollution Control Act (FWPCA), P.L. 92-500, which provides for self-monitoring of treatment plant effluent. It has been determined that there is a need for substantial increase in laboratory facilities. Accordingly, the training program is designed primarily to enhance business opportunities for minority entrepreneurship. The hope is that this will result in the establishment and operation of laboratory facilities (by minority businesses) to provide analytical services required under the FWPCA, amended 1972, and commonly known as the National Pollution Discharge Elimination System (NPDES). Arrangements have been made by my office to provide the necessary funding for the implementation of such a vital program effort. A contract for the program will be let within the next few weeks. We are most confident that those completing this program will successfully enter into the business field and, more importantly, will add to the number of Americans who are working toward a pollution-free environment.

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In addition, our Agency is making a thorough review of our Contract Compliance Program to assure that participating grantees, State officials and municipalities are in full compliance with our civil rights requirements contained in the Federal Register (Volume 39, Number 29, dated Monday, February 11, 1974, Section E5,935-15), Utilization of Small and Minority Businesses.

My personnel have been instructed to meet with our Headquarters and Regional contracting and compliance officers regarding the development of effective monitoring and reporting systems for the Agency's MBEP activities.

EPA is playing an important role in the furtherance of the Administration's MBEP. The Agency established a goal of $14.0 million in procurement of both goods and services from minority owned and/or controlled business enterprises during the Fiscal Year 1975, which represents an increase of $2.6 million over the $11.4 million goal established for Fiscal Year 1974. Please be assured that the EPA is making an all-out effort to ensure that minority business enterprises and individuals are fully participating in the overall environmental protection program.

Respectfully,

Russell E. Train

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

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OFFICE OF THE DEPUTY ATTORNEY GENERAL
WASHINGTON, D.C. 20530

January 30, 1975

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Minority Business Enterprises

The Department of Justice shares your commitment to assisting disadvantaged minorities in order to allow their increased participation in the economic benefits of the private enterprise system. The Department of Justice has, as requested in your memorandum of December 11, 1974, reviewed its program for promoting the success of minority business enterprises. Our evaluation indicates a number of significant developments in this area.

The Department has actively sought opportunities for minority business enterprises to participate in Department projects. The nature of the Department's mission dictates that our principle opportunity for promoting minority business enterprises is in the Department's procurement program. The key to the effectiveness of our assistance program is the identification of minority businesses. Thus, in 1974, the Department issued a regulation requiring affirmative action to identify minority businesses in the procurement process. Pursuant to this regulation:

1. Our field procurement personnel are to actively initiate contacts with minority business sources through the field offices of the Small Business Administration, local business organizations, and local social organizations.

2. Bidders on Department contracts are being requested to indicate if they are minority-owned businesses.

3. Publications which list minority businesses by product, service and location are being made available to the Department's procurement offices.

4. The General Services Administration has been asked to identify the minority businesses included in their Schedule Contracts.

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Firms thus identified as minority businesses are to be provided with information and instructions to enable them to participate in our competitive purchases and are added to our mailing list for future requirements.

Other practical efforts in furtherance of this program include participation by Our Bureaus in the Business Opportunity/ Federal Procurement Conferences conducted by the Department of Commerce, and the presentation of training seminars on utilization of minority-owned procurement sources to both employees of grant fund receipients and Department professional and program personnel.

The Bureaus have been directed to review all requirements to determine the possibility of performance by a minority business under a contract with the Small Business Administration. Also, I have asked that small purchases be directed to minority businesses whenever possible, consistent with good procurement practice.

For fiscal year 1975, the Department's minority business goal is almost 300% greater than our total in this area during fiscal year 1974. The Department's desire to meet this goal has recently been reaffirmed in a memorandum, a copy of which is attached, and the Department is presently measuring its progress toward this goal. While the goal may not be fully achieved this year, it does represent an accurate measure of the Department's commitment to promoting minority business enterprises.

In addition to efforts in the procurement area, the Department has reserved space in its main building for a minority business concession and has requested the assistance of the General Services Administration in identifying an appropriate occupant.

The Department is also interested in assisting in those Federal programs directly aimed at promoting minority business enterprise. Therefore, the Department intends to contribute financially to the Implementation Task Force on Education and Training for Minority Business Enterprise.

The Department appreciates your leadership, which is giving added impetus to our efforts to encourage the participation of disadvantaged minorities in the economic benefits of our free enterprise system.

Sincerely,

L. N. Silberman

Laurence H. Silberman
Acting Attorney General

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OFFICE OF THE DEPUTY ATTORNEY GENERAL
WASHINGTON, D.C. 20530

January 21, 1975

MEMORANDUM FOR: Director, Community Relations Service
Acting Chairman, Board of Immigration Appeals
Chairman, Board of Parole
Director, Bureau of Prisons
Administrator, Drug Enforcement Administration
Director, Federal Bureau of Investigation
Commissioner, Immigration & Naturalization Service
Administrator, Law Enforcement Assistance Administration
Director, United States Marshals Service

FROM: Lawrence M. Silberman
Deputy Attorney General

SUBJECT: Minority Business Enterprises

President Ford has repeatedly indicated that an important objective of his Administration is to assist disadvantaged minorities to allow their increased participation in the economic benefits of the private enterprise system. He has requested that the Department of Justice, and every other Executive Department and Agency, look for every appropriate opportunity for minority businesses to participate in Government programs and that management, technical and financial assistance be provided whenever feasible.

I wish to reaffirm the commitment of the Department of Justice to assisting minority business enterprises. Our procurement program offers the best opportunity for the Department of Justice to contribute to the attainment of the President's objectives. The Department of Justice guidelines in this area are set forth in Order DOJ 2301.6, issued on July 15, 1974. As directed by this order, contracting officers should (1) review all requirements to determine the possibility of performance by a minority business under a contract with the Small Business Administration; (2) direct small purchases to minority business firms whenever possible, consistent with good procurement practice; and (3) actively seek minority

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business concerns to be provided with information and instructions to enable them to participate in our competitive procurements.

In September 1974, your Bureau set a goal for contracting with minority business during fiscal year 1975. Please advise me, through Assistant Attorney General Glen E. Pommerening, by January 28, 1975 of your progress toward that goal.

Thank you for your continued efforts on behalf of minority business enterprises.

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VETERANS ADMINISTRATION
OFFICE OF THE ADMINISTRATOR OF VETERANS AFFAIRS
WASHINGTON, D.C. 20420
January 28, 1975

MEMORANDUM FOR:

The President
The White House

The Under Secretary of Commerce asked that I inform you of this agency's progress in fulfilling our commitment to assist minority-owned businesses.

I am pleased to assure you that the Veterans Administration expects to meet its previously established goals for the fiscal year 1975. During the six-month period ending December 31, 1974, we spent over $5,100,000 on preference awards of contracts to minority businesses, slightly more than the same period a year ago. We have also identified a major construction project in the $2.5 million to $3 million range for possible award to a minority-owned firm. We are currently negotiating on this project with the Small Business Administration. This will be the largest contract for construction awarded a minority firm on behalf of this agency.

I am confident we will equal or exceed previous levels of support for minority business and ameliorate in part the impact of current economic conditions on them. To assure that we intensify our efforts, I have instructed all key VA officials to convey your support and mine for this program to all appropriate personnel in this agency. I have asked them to give me within 30 days detailed plans to assure that maximum assistance is given minority business and that our goals of $15.5 million in procurement through SBA, $12 million in direct procurement as well as educational, banking and management and technical assistance, are achieved. I have instructed the VA Committee on Minority Business Enterprise to monitor this program and to report to me our rate of progress and recommend additional actions I should take.

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These actions should assure our continued contributions to increased opportunities for disadvantaged minorities to participate in the private enterprise system. I assure you of my continued support of this program.

RICHARD L. ROUDEBUSH
Administrator

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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:

RH

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 buiness 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.

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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

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

January 20, 1975

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

EARL L. BUTZ
Secretary

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EXPORT-IMPORT BANK OF THE UNITED STATES
WASHINGTON, D.C. 20571

PRESIDENT
AND
CHAIRMAN

CABLE ADDRESS "EXIMBANK"
TELEX 89-461

JAN 17 1975

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

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U. S. DEPARTMENT OF LABOR

OFFICE OF THE SECRETARY

WASHINGTON

DEC 31 1974

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

Dear Mr. President:

I was very pleased to receive your letter of December 11, 1974, requesting that each Federal agency reexamine the efforts it has made and seek to improve upon past efforts to promote minority business participation in its programs. The primary mission of the Department of Labor, to promote the welfare of the American worker, has made us acutely aware of the deprivations to which minority Americans have been subject in seeking employment. We realize that the minority business program is a related effort to overcome similar problems which minority American business entrepreneurs face in seeking to become successful employers. Therefore, the Department has been deeply committed to the program from its inception.

Following is a resume of some of the activities which have been undertaken to support the program.

In 1972, the Department, under the aegis of the Under Secretary, assigned specific minority business responsibilities to officials in the national office and in all regional offices. At that time a quarterly reporting system was established to monitor performance under the program.

Small Business Specialists and Minority Business Opportunity Committee representatives, appointed in all regions, were required to participate in Minority Business and Federal Procurement Conferences and to disseminate information to attendees regarding contracting and subcontracting opportunities under Departmental programs.

A catalogue showing goods and services that the Department purchases was developed and has received wide distribution, including direct distribution to prospective contractors at the procurement conferences. In addition a news release was sent to over 400 minority news outlets offering a free copy of the catalogue to those who requested it.

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To demonstrate the high priority given to the minority business enterprise program and to better inform and train individuals with primary program responsibilities, the Under Secretary scheduled a Washington Seminar for all Departmental Minority Business Opportunity Committee (MBOC) representatives in the spring of 1974. High ranking officials in both government and industry addressed the group. At the conclusion of the Seminar, the Under Secretary requested that each individual submit to him personal goals consistent with available opportunities and assigned responsibilities.

A significant contribution which the Department of Labor is making to further ensure the success of new and prospective minority contractors is to inform them concerning the requirements and applicability of some of the labor laws which the Department administers. These include requirements related to wages and hours, safety and health standards, equal employment and nondiscrimination, and employment of veterans, the understanding and enforcement of which frequently causes problems for the inexperienced business entrepreneur. Informed Department of Labor employees have counseled minority business associations and individuals. Brochures providing information concerning requirements and available assistance have been developed and distributed.

During 1974, the Department of Labor led an interagency task group which developed a means of identifying minority contractors on contract documents to provide a data base for reporting of minority procurement statistics. This recommended procedure is being incorporated in prescribed procurement regulations for all Executive agencies.

The Manpower Administration, which has the responsibility for administering the manpower training programs for the Department, has initiated several promising procedures for promoting minority business. This involves establishing a procurement priorities system whereby in the purchase of goods and services, first priority is accorded to firms which qualify under Section 8(a) of the Small Business Act. A second project provides for the utilization of Manpower Administration staff at all levels to systematically persuade contractors and grantees to purchase needed supplies and services from minority business and to use minority banks to the extent possible. A technical assistance guide is being developed which will provide for encouraging Department of Labor grantees' compliance

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with Federal procurement standards requiring positive efforts in the minority business and minority banking areas. The third Manpower Administration effort calls for the ongoing dissemination of information to minority business men and women regarding permissible tax credits to employers who hire participants in the Work Incentive Program.

I believe that a successful minority business program depends upon a sustained and coordinated effort. Therefore, we have developed lists of specific coordinated activities to be undertaken by all employees charged directly or indirectly with duties under the minority business enterprise program.

Please be assured that the Department of Labor fully shares your commitment to assist minority business enterprise and will continue to explore new opportunities for doing so in fulfilling its mission. I am deeply gratified that you have given this important program your personal endorsement.

Respectfully,

Peter Brennan

Secretary of Labor

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