



DEPARTMENT OF TRANSPORTATION

NEWS

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REMARKS PREPARED FOR DELIVERY BY SECRETARY OF TRANSPORTATION WILLIAM T. COLEMAN, JR. TO THE MINORITY BUSINESS ENTERPRISE CONFERENCE, WASHINGTON, D.C., JULY 28, 1976

Good morning, and welcome to the Department of Transportation. I have met with many here before; I expect to get to know all of you as we work together to improve the participation of minority business enterprises in the nation's transportation programs.

We have invited you here today to discuss the full range of opportunities our operating administrations provide for minority businesses. These include the Federal Aviation Administration, accounting for \$2.4 billion of our department's approximately \$14 billion budget; the Federal Highway Administration, which distributes \$5 billion annually to the states; and our Urban Mass Transportation Administration, which committed \$1.85 billion in capital and operating assistance grants for the nation's cities in fiscal 1976.

You will be hearing today from Administrator McLucas of the FAA, Administrator Tiemann of FHWA, and Administrator Patricelli of UMTA; and Admiral Siler, Commandant of the Coast Guard and Administrator Snow of the National Highway Traffic Safety Administration as well as DOT's Assistant Secretary for Administration, Mr. Bill Heffelfinger. Each administration -- and each echelon of this department -- is expected and encouraged to improve their minority business enterprise performance. They know this; and we want you to know it. Because just as you look to us for direction and definition, we look to you for help in advising us how we can do a better job in meeting our common goal -- which is to put more minority businesses to work in support of government programs and contracts.

You will also hear today from our Federal Railroad Administration and its Administrator, Mr. Ace Hall. The rail program is, in fact, a good example of one of the ways we are attempting to increase minority business participation in the department. The \$6.4 billion Rail Act President Ford signed

last February provides exceptional opportunities for minority enterprises and I want to do everything possible to assure that minority contractors have access to the jobs and subcontracts involved in the extensive rail rebuilding and refurbishing program authorized by that legislation.

Accordingly, just a few weeks ago we established a Minority Business Resource Center within the Federal Railroad Administration, with Ken Bolton as Executive Director, solely for the purpose of assuring that minority business firms become involved in these rail revitalization projects and share prominently in their proceeds.

The work that needs to be done -- architectural and engineering services, rebuilding roadbeds, restoring track, renewing bridges and tunnels, repairing rolling stock, refurbishing stations -- will entail thousands of new jobs, and subcontracts and I have no intention of spending \$6 billion without making sure that minorities get a piece of the action.

In fact, in negotiating the \$1.75 billion Northeast Corridor section of the Rail Act, we insisted upon two provisions:

One - that the work be done in such a way as to assure jobs to those presently unemployed in the cities along the Northeast Corridor (Washington to Boston); and two - that the contracts for Northeast Corridor work be administered by the department rather than by Amtrak, to assure that the responsibilities for minority business participation are not delegated. In these matters, I want the buck to stop here!

The Minority Resource Center, which its director - Ken Bolton - will describe in more detail a little later, is now being made operational.

I want to stress, however, that this is an action program. We are using the resources and funding available to us to seek actively minority enterprises that can qualify for government contracts. And then help them get the jobs they are qualified to perform.

For example, I can tell you this morning that within the next week we will award a contract with a management firm that will develop a comprehensive plan for the business development of the Minority Resource Center. Such a plan will identify all potential procurements of ConRail, Amtrak, the Northeast Corridor project and other railroads receiving federal assistance. The Center will then match procurement needs against the capabilities of minority firms.

Our technical assistance program, which will provide the kinds of technical help minority businesses may need to bid for work on the Northeast Corridor rail improvement project, will be off the ground by the first of September and in full operation before the end of the year.

Let me mention here, in case there is any uncertainty on this point, that the minority business enterprise program I'm talking about for our department is over and above the "set-aside" program conducted under the terms of Section 8(a) of the Small Business Act.

While we have been pleased to participate with the Small Business Administration in this program, and have, in fact, taken a lead role among federal agencies in award of 8(a) contracts, my goal is to develop an effective minority business enterprise program unrestrained by S.B.A. constraints and characterized by improved minority enterprise opportunities and performance.

Let me point out also that since so much of the money we administer goes to grantees and their agencies - to the states, for example, and highway construction firms in the case of the federal highway program, and to cities and their transit districts in the case of UMTA - I want to assure that these grant recipients and their prime contractors handle the funds and do business in ways that reflect DOT policy.

And that policy, let me assure you, is committed to full, equal and affirmative opportunity for minorities, both as employees and as contractors.

In terms of minority business assistance policy, last March we consolidated all previous minority business directives into a single departmental order, and in that order broadened the programs to cover all the federal assistance programs of the department.

The results have been encouraging. For example, the DOT money directed to minority contractors increased over two and one-half times last year, rising from \$54 million to \$138 million. In the highway program alone, as Administrator Tiemann will tell you, contract awards to minority contractors reflected a 250 percent increase over fiscal year 1975. In urban transportation the awards increased over 500 percent.

I do not suggest today that we have accomplished all that could or should be done to assure that minority enterprises reap a fair share of our transportation dollars. In fact, I readily admit that we have not. I would hope that as one product of this meeting you will tell us what more we can do to improve minority hiring and contracting.

But as Justice Holmes once said: "The great thing in this world is not so much where we stand, as in what direction we are moving."

I believe America stands today on the principles on which it has always stood - four-square for freedom and the rights of the individual; for equality, in practice as well as principle; and for human dignity. I further believe that we are moving, with firmer purpose and greater effort, in the right directions.

True, these have not been the best of times. We have felt inflation, recession and unemployment -- and while we have dulled the edge of inflation, overcome recession and chipped-away at unemployment, we must still keep up our guard. At the same time, we must address the chronic problems of the environment, our cities, the conservation of our resources, and the special needs of the young, the elderly, the handicapped, women and minorities.

In pondering these issues, the basic question -- even in an election year -- is not one of the liberal versus the conservative, or of Democrat, against Republican. Rather, it is a question of common sense solutions to the interlocking problems and often conflicting demands that have thrown the scales of balance and harmony in our society out of kilter.

In my opinion, too great a reliance has been placed for too long on government solutions to all social and economic problems. Such protective practices dull the free enterprise spirit and quench competition. The freedom of the individual to "bring his industry and his capital into competition with others," Adam Smith wrote, is a "powerful principle" and the profit motive "a mighty engine for human progress."

These truths still apply, and I would urge every minority businessman to aspire to become totally competitive, both in government and non-government markets. Sole source procurements and 8(a) contracts will still be available, but the aggressive businessman will be wise to develop and hone his competitive skills.

Since I believe, as does President Ford, that it is far better to achieve economic justice through private enterprise than by public mandate, I feel it is necessary that we review our total program and find new answers to old problems.

Thus, we will be discussing the following:

- (1) We will devote a short time to considering what has been accomplished in the last year, but we want mainly to look to the future;
- (2) Each administrator will discuss his programs and the procurement procedure;
- (3) The director of the Minority Resource Center will describe his Center, its functions and his plans;
- (4) The issue of technical assistance;
- (5) The issue of how we can help with capital formation and debt financing;
and
- (6) Criticism, I hope constructive, but criticism in any form of our activities which attempt to get contracts and business opportunities into the minority communities.

That is our agenda. The day before us clearly is a busy one. I shall meet with you again at 3 p.m. for questions and discussions. Now it is my pleasure to present the administrator of the Federal Railroad Administration: Mr. Ace Hall.

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