

DRAFT**OCT - 7 1980**

Remarks prepared for delivery by
Deputy Secretary of Transportation
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I was pleased to accept Lou's invitation to come here today to participate in this conference. It was no accident of scheduling that President Carter first announced his new economic program when he spoke to the Urban League in early August. The President's economic revitalization program has two goals, both important to the minority business community.

One goal is to reduce unemployment in the short term, by accelerating recovery from the recession -- getting people back on the job, in the auto, steel, housing and other industries.

His second goal is to rebuild the economy over the long-term, by expanding public investment and encouraging private investment so we can produce more, export more, and invest more -- and, in the process, compete more effectively in the world economy.

The President's program will create nearly half a million jobs by 1982 and a million jobs by 1983. His plan will produce real economic growth, reduce tax burdens on businesses and individuals, and improve productivity.

Transportation is a prime target for investment, and a major focal point for employment. We face the task of completing our highway system and reconstructing the roads and bridges that are wearing out. We are in the process of restructuring

our railroads, catching up on long-delayed rail maintenance work, and rebuilding the Northeast Corridor to high-speed passenger standards. We are funding new public transit systems and improvements to hundreds of existing systems. We must modernize our inland waterway facilities, and keep up with our airports. We must see that our roads and rail systems are equal to the growing demand for coal and agricultural products, and capable of moving those commodities efficiently and economically.

In short, there are big jobs to be done in transportation and the minority business community can provide many of the work skills, the products and the management capabilities needed to meet the transportation challenges of the 80s and 90s.

We are, for example, at the point in the nation's highway program where the monumental building programs of yesterday are just about over. But we are on the threshold of a massive rebuilding program that will require the best skills of the construction and maintenance industries. An estimated 13 percent of the Interstate system needs repaving, and we face the task of replacing or repairing many of our 500,000 bridges -- 75 percent of which were built before 1935.

Five years ago minority firms received only \$27 million in highway contracts. That has grown by over 600 percent under President Carter's programs for "fair share" minority participation. Minority business enterprise highway contracts last year totaled \$164 million -- and are going up.

We are also on the verge of investing substantially in public transit -- and minority businesses can share in the success, and the proceeds, of those investments.

Our FY 81 budget includes \$2.2 billion in transit capital funds -- \$160 million more than 1980, and a new record in transit funding. It is step one in a proposed 10-year public transit investment program that is expected to exceed \$50 billion -- more than three times the amount spent in the 70s -- to increase transit capacity by at least 50 percent and make public transportation a more attractive alternative to the private car.

This is also a time of renewed investment in America's railroads. Deregulation legislation just passed will enable the railroads to operate more efficiently and market their services more effectively, generating the profits needed to repair facilities and invest in new equipment. Through the \$1.5 billion provided under the Railroad Restructuring Assistance Act, railroads needing assistance during transition to a deregulated environment will be able to continue repair and rehabilitation work. At the same time, under the \$2.5 billion Northeast Corridor improvement project we are rebuilding the 450-mile passenger route from Washington to Boston. When these projects were undertaken, it was with the implicit understanding that minority companies would be hired, to the maximum extent possible.

We established the Minority Business Resource Center as a part of the Federal Railroad Administration for the specific purpose of bringing more minority firms into the redevelopment of the nation's railroads. To date we have opened 31 local outreach centers to assist minorities in conducting business with the railroads and so far we have concluded nearly \$500 million in contracts with minority firms for railroad improvement work.

Last year alone we awarded just over \$200 million to minority business enterprises, and our goal for this calendar year is to place \$211.5 million with minority contractors for work on Amtrak, Conrail and the Title V railroads eligible for government assistance.

Through a study just completed we have identified several other intercity corridors where improved passenger rail service may be justified. Minority firms with rail contract experience and with proven performance will no doubt be prime candidates for future corridor contracts, if those projects develop.

But in each of these areas -- highways, transit and rail -- transportation is no longer simply an end in itself. It has become a means to achieve other national goals -- energy conservation, a better environment, urban renewal and development, a more productive economy, and greater opportunity for the disadvantaged. In the President's view as in ours, it is not enough today to approve a transportation project solely on its technical merits: it must also serve one, or two, or three or more of the larger goals we share together.

We are in a new era, a time to conserve resources, reduce waste and make the most of our human and physical assets.

Under President Carter, therefore, transportation has become a tool for the rebuilding of our cities, for the re-employment of our people, for the re-use of our land and for the conservation of energy resources.

Under President Carter, transportation policy is interwoven with urban policy, with energy policy and with the strengthening of our society.

Under President Carter, transportation developments have become a means of providing jobs as well as mobility -- a way of extending opportunity to minority businesses and benefiting the minority community.

The President has made it clear that in every aspect of transportation progress, minority firms and minority employees will have full and equal access to every project, every contract, every job.

Not only in the trades, but in the professions.

Not as employees only, but as employers.

President Carter also has made it clear that equal opportunity alone is not enough. As he told the members of the National Urban League at their convention, his pledge when he took office was "to seek equal rights, equal opportunity and equal dignity for all Americans."

At the Department of Transportation, as we have demonstrated, and as my remarks have indicated, we have taken as our obligation the task of assuring that minority-owned and operated businesses share in a larger way in the \$13 to \$14 billion in Federal procurement and assistance programs we administer each year. We have assumed, as a matter of high department priority, the responsibility for reaching out to the minority business community and doing what is necessary to see that minority groups are not only well represented in the transportation workforce, but that minorities share professionally, economically and socially in Federally-assisted transportation projects.

We have determined that it is never enough to put jobs up for open bidding and hope that a minority contractor hears about it.

We have vowed that it is never acceptable to let minority "front" organizations win contracts and then pretend we have satisfied our obligation. That is "tokenism" at its worst, and we will have no part of it.

We have resolved that it is unfair to hold out the contract carrot and then use the stick of financial responsibility to deny it to an otherwise eligible minority competitor. The small and disadvantaged business person must not be foreclosed from competition.

That is why we have stipulated that every state, county and municipality receiving a Department of Transportation grant must include, as a provision of that grant, an affirmative action program -- setting the goals for minority participation, and an effective plan for seeing that those goals are met.

That is why, through our office of Small and Disvantaged Business Utilization, we are identifying minority businesses nationwide that are eligible for Federal contracts. This year, through this office and the Small Business Administration, 33 percent of all dollars being awarded on contracts of \$10,000 or more are going to minority businesses and institutions.

And that is why we have affiliated with seven Minority Enterprise Small Business Investment Corporations, to assure that eligible minority businesses have access to the investment assistance and the venture capital needed to compete for contracts and to perform those they win. Through the MESBIC's we have reached over 200 firms that otherwise might not have been in the running for DOT contracts. Through the MESBIC's we have set a precedent for financial responsibility that paves the way for further Federal investments in the future, as our Minority Business Resource Center

expands. Formerly limited to rail-assistance projects, the MBRC is being transferred to the Office of the Secretary and its charter expanded to include other transportation projects as well. We expect our Minority Business Resource Center to play a substantially larger role, and for MESBIC's to become increasingly important to our plans for transportation and the public investment in our transportation systems.

Our intent, as these and other examples illustrate, is not only to make contracting opportunities available to minority businesses, but to help minority firms compete for those contracts. We set goals for minority participation, we require prime contractors to meet sub-contractor goals, we help identify available minority firms and we assist those firms in bidding for jobs.

These efforts, let me emphasize, are not limited to a few programs or to certain administrations within our department. Our commitment is to increase minority business participation in every aspect of the procurement process. We have taken the bedrock principle of non-discrimination from the Civil Rights Act of 1964 and made it a cornerstone of national transportation policy.

The bottom line to all of this is more jobs, more capital assistance, more economic opportunity for America's minority businesses.

Under President Carter the value of Federal contracts with minority-owned businesses has more than doubled. Under President Carter Federal deposits in minority-owned banks have increased 100 percent. Under President Carter loan guarantees to small businesses have grown by \$1 1/2 billion. Under President Carter the extent of minority contracting and subcontracting has increased from just over \$1 billion (1 1/2 percent of total procurement) to \$2 1/2 billion (2.7 percent of total Federal

procurement expenditures in FY '79.) And under President Carter the sum of the Federal government's assistance to small businesses in Tennessee has increased 56 percent, total economic development in this state has increased 40 percent, and community development assistance -- include 1675 new jobs -- has put \$38 million in new government grants to work in this state to stimulate urban development. Federal funding for Tennessee's highways totalled \$275 million in fiscal '79, a 112 percent increase since President Carter came to office.

I am proud of our President, as I hope you are as well, not only for his commitment to jobs for the American people but for his concern for the individual -- particularly the minorities and the disadvantaged. He also has the vision to see the necessity for the renewal of the industrial strength that made this country strong and that remains the source of economic opportunity. He sees the wisdom of investment in America's future, and he sees the rewards to be gained from a partnership of the public and private sectors in the generation and allocation of capital.

The programs we are involved in reflect our confidence in our country and in the capacity and ability of all Americans to share in the resurgence of our economy.

I thank you for what you are doing and, even more importantly, for what you are yet to do for the betterment of transportation, for the good of our country, and for America's minority business community.

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