

STATEMENT OF WILBERT E. CANTEY, DIRECTOR, OFFICE OF SMALL AND DIS-  
ADVANTAGED BUSINESS UTILIZATION, BEFORE THE HOUSE COMMITTEE ON SMALL  
BUSINESS, SUBCOMMITTEE ON GENERAL OVERSIGHT AND MINORITY ENTERPRISE,  
CONCERNING IMPLEMENTATION OF PUBLIC LAW 95-507 ON FEBRUARY 19, 1980

Mr. Chairman and Members of the Subcommittee:

I am Wilbert E. Cantey, Director of the Department of Transportation's Office of Small and Disadvantaged Business Utilization. The Department of Transportation appreciates the opportunity to appear before you today to discuss our continuing efforts under Public Law 95-507. Secretary Goldschmidt is out of town today and asked me to be here. I hope that this testimony will update our progress report at the hearings in December.

Answers to the questions contained in your letter of February 7, 1980 are found as an attachment to this statement. In this statement I will discuss our efforts since December 4, 1979.

Immediately following the December 4 hearing I met with the Administrators of the DOT modal administrations to explain the impact and importance of Public Law 95-507. I also met with the DOT Procurement Council to impress upon the Small and Disadvantaged Business representative from each administration the urgency of corrective action under Public Law 95-507. The Procurement Council is made up of senior procurement officials from each of the operating administrations within DOT. At this meeting and subsequent meetings we discussed the actual means to be used for correcting contracts awarded since May 22, 1979 which did not contain the required clause and subcontracting plan. We chose

May 22 as our implementation date for three reasons. First, May 22 was the date of the GSA telegram advising us of the small and disadvantaged business subcontracting clause and plan requirement. Second, by going back to May 22 to correct defective contracts rather than going back to July 7 as suggested by the Office of Federal Procurement Policy (OFPP), we believed we would be graphically illustrating to our field procurement offices a high level of commitment to this program. Third, we saw that by adding the required small and disadvantaged business subcontracting clause and subcontracting plan to the contracts awarded between May 22 and July 7 as well as to those awarded after July 7, we would be increasing DOT's utilization of small and disadvantaged businesses. A contract worth \$15.7 million and which has substantial subcontracting opportunities was picked up by going back to May 22.

On December 21, 1979 we issued a DOT Procurement Bulletin that directed procurement offices to modify defective contracts awarded and defective solicitations issued since May 22. This Bulletin directed the procurement offices to terminate the contracts and resolicit them if the required modifications were not possible. By mid-December all contractors having defective contracts had been contacted concerning the addition of the required subcontracting plan and by January 9, 1980 we had corrected all defective solicitations. To date we have corrected 5 contracts and all will be resolved within 60 days. Since the December 4 hearing--in fact, since October 19, 1979--no defective solicitations have been issued within DOT. One defective contract was awarded since December 4 but it has been corrected.

While we have tried to be as accurate as possible in providing figures for this Subcommittee two of our modal administrations have advised us of a total of 7 additional defective contracts issued between May 22 and December 4, 1979, totalling \$17.8 million. We regret this inaccuracy and have adjusted the figures in the attachment to reflect this omission. As I mentioned we are requiring corrective action to be completed on these contracts within 60 days.

We are now beginning a process of review which will include a certain number or percentage of contracts from each procurement office in the DOT operating administrations to ensure that all procurement offices have the high level of commitment and performance prescribed by Public Law 95-507 and required by the Secretary. Our specific goal in this is to make certain that the subcontracting plans accepted by our procurement offices will meet high standards. We are finding that where the solicitations and contracts were done according to law and regulation from the beginning, no problems of any substance have arisen nor do we foresee any.

We have spent considerable time participating in the development and review of the proposed OFPP regulations implementing Public Law 95-507. We believe the time we spend on these regulations now will pay dividends later in terms of a workable, successful program. We look forward to continuing our participation in this effort.

On January 3, 1980 we submitted our small and disadvantaged business contracting goals to SBA. On February 7 we were advised by SBA that the goals should be increased and we are now working internally and with SBA to arrive at mutually agreeable goals.

In closing I would like to reiterate that DOT remains committed to the maximum utilization of small and disadvantaged businesses in our contracting program. This completes my prepared testimony. Again, I appreciate the opportunity to discuss this matter with you today on behalf of the Department. I would be happy to answer any questions you may have.

Attachment

DEPARTMENT OF TRANSPORTATION

ANSWERS TO SPECIFIC QUESTIONS

1. Number of deficient solicitation and contracts remedied since December 4, 1979.

Solicitations: 19  
Contracts: 5

2. Number of solicitations issued since December 4, 1979, which are deficient.

None.

3. Total number and dollar amount of prime contracts awarded since December 4, 1979, which do not contain required subcontracting plans.

One which has been modified to contain the required plan. \$4 million.

4. Number of deficient solicitations issued prior to December 4, 1979, not remedied.

None.

5. Number of deficient solicitations issued subsequent to December 4, 1979, not remedied.

None.

6. Number and amount of prime contracts awarded prior to December 4, 1979, which did not contain the required subcontracting plan and which have not been amended or terminated.

Twenty contracts for a total of \$155 million are in the process of being modified.

7. Number and dollar amount of prime contracts awarded subsequent to December 4, 1979, which did not contain the required subcontracting plan and which have not been amended or terminated.

None.

8. Copies of three representative subcontracting plans submitted, one of which was received in connection with the purchase of commercial products.

Copies of the plans have been submitted to the Subcommittee staff.