

STATEMENT OF WILBERT E. CANTEY, DIRECTOR OF THE OFFICE OF SMALL AND DIS-ADVANTAGED BUSINESS OF THE DEPARTMENT OF TRANSPORTATION, BEFORE THE HOUSE COMMITTEE ON SCIENCE AND TECHNOLOGY, SUBCOMMITTEE ON INVESTIGATION AND OVERSIGHT, AND SUBCOMMITTEE ON SCIENCE, RESEARCH AND TECHNOLOGY ON JUNE 12, 1980.

Mr. Chairmen and Members of the Subcommittees:

I am Wilbert E. Cantey, Director of the Office of Small and Disadvantaged Business of the Department of Transportation. With me is Dr. Robert Fairman, Deputy Assistant Secretary of Transportation for Administration. We are pleased to be here today to discuss with you the Department's activities relating to small high technology business in the area of procurement and research and development (R&D).

I will begin my remarks by pointing out that DOT's efforts in R&D are directed mainly at applied technology compared to what we believe to be high technology developments at the Department of Defense, NASA and others. For that reason where your areas of inquiry specify small high technology firms we have read them to refer to all small R&D firms.

In all of our contracting for procurement and for R&D we are governed by the Federal Procurement Regulations established by the General Services Administration. For that reason DOT and the other Departments have only a limited ability to vary from the uniform set of regulations and practices. To that extent once a firm has mastered the procurement regulations dealing with one department there should generally be only minor variations in dealing with the other Departments.

In an effort to simplify procurement regulations, we are providing staff support to the Office of Procurement Policy in developing a Uniform Procurement System Proposal to be submitted to Congress this fall. The proposal should provide the basis for reviewing the applicability of many regulations to the area of small business.

To maximize the opportunities for and participation of small R&D firms in contracting at DOT, when possible the Department attempts to structure R&D projects into a series of smaller projects to be accomplished sequentially. In this way small, specialized firms can compete for portions of projects likely to be within their capability. Further we incrementally fund many contracts to allow continuity of effort.

The Department has an extensive outreach program to publicize our direct procurement and grant program, and to obtain new sources of supply. We participated in the four National Science Foundation (NSF) Small Business Conferences on Federal Research and Development held in Boston, Chicago, Los Angeles, and Atlanta over the past two years. We sent representatives to the Federal Procurement Conferences sponsored by members of Congress held throughout the country. We regularly attend business and trade shows and seminars to counsel small business on how to do business with the Department. Each of our procurement offices has a small and disadvantaged business specialist whose purpose is to help small businesses obtain information and guidance on doing business with the Department. We encourage managers of small businesses, when they are in the Washington, D.C.

area, to present their capabilities at one meeting with the small business liaison representatives of our operating administrations. This meeting simplifies their marketing efforts by providing contact points with the Department and up to date information. We believe that these efforts are resulting in increased awards to small businesses from our programs.

We assign small and disadvantaged business contracting goals to all of our contracting activities. In accordance with Public Law 95-507 we have worked with the Small Business Administration and have arrived at a goal of 33.6% or \$504 million for small business awards in fiscal year 1980. While this is not broken down to provide separate goals for R&D, etc., it does put an upward pressure on the number and dollar amount of R&D contracts going to small business. At the end of this statement we have provided two tables. Table I shows the dollar amount of R&D contracts awarded to small business and Table II shows the total dollar amount of R&D conducted by DOT.

The Office of Small and Disadvantaged Business organized the DOT Procurement Council made up of the chief procurement officers from each of the operating Administrations in the Department. The Council meets periodically to work on common problems and concerns related to small and disadvantaged business.

We use small business set asides in our R&D program where the contracting officer determines that there are adequate small business sources to use this technique. We plan to review the use of small business set asides as an element of future procurement surveys performed at procurement offices around the country.

The Department has a \$3 million University Research Program in the Research and Special Programs Administration. We publish an annual solicitation which lists a number of project areas where we encourage universities to submit project proposals and perhaps qualify for contracts. While we have not set up a small business innovative research program similar to NSF's program, we are watching their program and some related legislative proposals to determine whether DOT should initiate a similar program.

From time to time, we receive proposals initiated and submitted to the Department by a prospective contractor without solicitation by the government. The Department encourages prospective contractors to disclose to the Department, for purposes of evaluation, unique or novel ideas or concepts which they have originated, conceived or developed, and own, and which have application to the work of this Department. However, it is normal practice for the Department to develop its own requirements, to solicit offers or bids and then to contract with the source that offers the best value. Many unsolicited proposals do not, in fact, contain ideas or concepts which are proprietary to or owned by the submitter, and acceptance of proposals by the Department for evaluation does not imply a promise to pay, a recognition of novelty or originality, or any restriction on the use of information contained in it to which the Government would otherwise be entitled. Nor does the fact that a procurement follows receipt of or is based on an unsolicited proposal in and of itself justify sole source procurement. It is our policy to

process and evaluate all unsolicited proposals as quickly as possible. Proposals are acknowledged as soon after receipt as possible, and submitters are advised promptly as to the ultimate disposition of their proposals.

The Department conducts some R&D directly. This work is conducted at the following locations:

- o Technical Center (FAA), Atlantic City, N.J.
- o Mike Monroney Aeronautical Center (FAA), Oklahoma City, OK
- o Fire and Safety Test Detachment (USCG), Mobile, AL
- o Research and Development Center (USCG), Groton, CT
- o Transportation Test Center (FRA), Pueblo, CO
- o Vehicle Research and Test Center (NHTSA), East Liberty, OH
- o Fairbank Highway Research Station (FHWA), McLean, VA
- o Transportation System Center (RSPA), Cambridge, MA

A considerable portion of this R&D involves testing and the use of DOT test facilities. A number of the activities contract out a significant portion of their assigned work. In fact, the entire operation and maintenance of the Transportation Test Center in Pueblo, Colorado is performed under contract.

The Department of Transportation has worked hard to involve small business in our procurement program. We believe our work has expanded the opportunities for small business at DOT and we are increasing our efforts in that direction.

That concludes my prepared remarks. Dr. Fairman and I will be pleased to answer any questions you may have.

