

THE WHITE HOUSE

WASHINGTON

October 4, 1983

MEMORANDUM FOR JAMES A. BAKER III

FROM: EDWARD J. ROLLINS *EJR*

RE: Meeting with the Associated General Contractors

Early this summer the Administration issued an Executive Order instructing federal agencies to pursue minority business goals in issuing federal contracts. During the period when this order was being authored and circulated internally, AGC had major concerns about its language and its implications.

AGC was concerned that minority business goals would be enforced as specific contract goals at the agency level. AGC dealt with staff members of the Domestic Council and had input on the language ultimately adopted in the Executive Order.

During the period in which the Executive Order was being formulated, AGC had requested a meeting with Chief of Staff Baker to express substantive and political concern about this matter. The meeting could not be arranged in time.

AGC's position had been to request that no Executive Order be published. However, if one had to be published, the language of the final Order is much more acceptable to AGC than the original draft. They did have effective input.

The purpose of this meeting is to reassure AGC of the Administration's interest in their industry and to hear their concerns about possible problems with the implementation of the Executive Order. I have been assured that no specific action will be requested by AGC.

In addition to myself, the top leadership of AGC will attend tomorrow's meeting. These individuals include:

Richard Pepper-President of AGC
Doug Pitcock-Senior Vice President of AGC
Vernie Lindstrom-Vice President of AGC
Hubert Beatty-Executive Vice President of AGC
Richard Creighton-Executive Director for Congressional
Operations of AGC
Charlie Black-Black, Manafort, and Stone, Inc.
(formerly represented AGC)

Thank you for taking the time to hold this meeting.

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BRIEFING POINTS -- ASSOCIATED GENERAL CONTRACTORS (AGC)

- o Just prior to the December 1982 issuance of the President's Statement on Minority Business, AGC contacted OPD expressing their concern that the President's Statement on Minority Business would mandate contract-specific quotas for federal procurement.
- o In several meetings with the AGC, including John Sroka, Hubert Beatty, et. al., we have assured them that nothing in the President's Executive Order would mandate such quotas. In fact, we assured them that we would keep a close watch on implementation to be sure that the orders were not so interpreted by procurement officers.
- o Specifically, the Order simply:
 - establishes annual plans for encouraging prime contractors to utilize minority contractors.
 - encourages grantees to achieve reasonable minority business participation in contracts let under their grants.
 - provides for technical assistance and loans to small minority businesses.
 - establishes agency plans for achieving federal procurement objectives called for in the December Statement, i.e., \$15 billion over the next three fiscal years. (about 1.5 percent of total estimated federal procurement)

Wendell W. Gunn
October 5, 1983

Draft as of
June 1, 1983

EXECUTIVE ORDER

MINORITY BUSINESS ENTERPRISE DEVELOPMENT

By virtue of the authority vested in me as President by the Constitution and laws of the United States of America, in order to provide guidance and oversight for programs for the development of minority business enterprise pursuant to my statement of December 17, 1982 concerning Minority Business Development; and to implement the commitment of the Federal government to the goal of encouraging greater economic opportunity for minority entrepreneurs, it is hereby ordered as follows:

Section 1. Minority Business Development Plans. (a) Minority business enterprise development plans will be developed by each Executive Department and agency having substantial procurement or grantmaking authority. Such Departments and agencies shall submit these plans to the Cabinet Council on Commerce and Trade on an annual basis.

(b) These annual plans shall establish minority enterprise development objectives for the participating agencies and programs for encouraging both prime contractors and grantees to utilize minority business enterprises. The plans shall, to the extent possible, build upon the programs administered by the Minority Business Development Agency and the Small Business Administration, including the goals established pursuant to Public Law 95-507.

(c) The Secretary of Commerce and the Administrator of the Small Business Administration, in consultation with the Cabinet Council on Commerce and Trade, shall establish uniform guidelines for all Executive Departments and agencies

to be utilized in establishing the minority business programs set forth in Section 2 of this Order.

(d) The Departments and agencies shall furnish an annual report regarding the implementation of their programs in such form as the Cabinet Council on Commerce and Trade may request, and at such time as the Secretary of Commerce shall designate.

(e) The Secretary of Commerce shall provide an annual report to the President, through the Cabinet Council on Commerce and Trade, on activities under this Order and agency implementation of minority business development programs.

Sec. 2. Minority Business Development Responsibilities of Federal Agencies. (a) Each Federal agency shall, to the extent permitted by law and consistent with its primary mission:

(1) Establish programs to accomplish the objectives set forth in its minority business development plan concerning provision of direct assistance, procurement assistance, and management and technical assistance to minority business enterprises; and

(2) Establish minority business development programs, consistent with Section 211 of Public Law 95-507, to develop and implement incentive techniques to encourage greater minority business subcontracting by Federal prime contractors.

(b) Agencies shall encourage recipients of Federal grants and cooperative agreements to achieve a reasonable minority business participation in contracts let as a result of their grants and agreements. In cases where State and local governments are the recipients, such encouragement

shall be consistent with principles of federalism.

(c) Agencies shall provide the Cabinet Council on Commerce and Trade such information as it shall request *from time to time* concerning their progress in implementing these programs.

THE WHITE HOUSE,