

In utilizing 8(a) in the context, we are trying to encourage small business development in areas which require economic stimulus and small business participation in resolving a critical national problem of developing job opportunities for the hardcore unemployed in our country.

We are moving carefully in employing our 8(a) authority. Our initial effort was focused on the five cities in which the test program operated—Washington, Boston, Los Angeles, San Antonio, and Chicago.

With the full cooperation of the Department of Defense and the General Services Administration, we are jointly determining the items that are relatively simple to manufacture; that have a large continuing requirement; and that generally lend themselves to the training and skill development needs of the hardcore unemployed.

We are seeking out qualified small business firms that are interested in participating in this program.

Other Government agencies are assisting us in developing a procurement package that will be acceptable to the small business subcontractor who is being asked to assist not only in training of completely unskilled individuals, but also in providing permanent jobs. The Labor Department has agreed to expedite its consideration of training program requirements that can be included in our negotiations with potential subcontractors.

Arrangements have been made with Lackland Air Force Base for a contract to supply troop issue bakery items. We have subcontracted with an existing supplier, and we are assisting in expanding a small minority-owned bakery in San Antonio to which we will subcontract a portion of the requirement. Both firms plan to work with the Labor Department in a training program. A loan application from the second firm to assist in its expansion plans is now being processed by our agency.

In Washington, D.C., we are working initially with a large business concern. In this particular case, the large concern in conjunction with a local civic organization is setting up a local development corporation. The corporation will provide operating capital for a newly formed small business firm to which SBA will subcontract for military requirements.

For the initial production item, we are taking contracts from the Defense Supply Agency for wooden pallets and boxes. These will be subcontracted to the small manufacturer and will provide a production base from which this business can be launched successfully.

Eventually, the firm plans to expand into electronic assembly work. At least 60 hard-core unemployed will be brought into the training program during the initial phase of this operation.

The Labor Department has agreed to a 12-week training program, and the Economic Development Administration will provide assistance for necessary management and technical advice.

SBA seeks to assure full opportunity for small logging and milling concerns to bid on Federal timber sales. To do this, SBA and the appropriate Federal sales agency set aside certain timber sales for bidding by small concerns only. Since the inception of this program in 1959, SBA-sponsored set-asides have averaged almost \$6 million annually. It is expected that set-asides will be \$14 million annually by fiscal year 1969.