



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

OFFICE OF FEDERAL
PROCUREMENT POLICY

September 20, 1978

MEMORANDUM FOR CERTAIN OFPP AGENCY CONTACT POINTS

SUBJECT: Increased Use of Small High Technology Firms

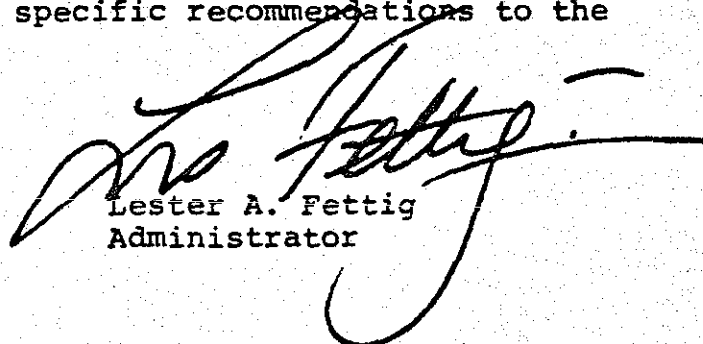
The importance of small business firms in our private enterprise system has been accepted for many years within the Federal Government. The Small Business Act of 1953, last year's P.L. 95-89, the Armed Services Procurement Act of 1947, the Federal Property and Administrative Services Act of 1949, and the Commission on Government Procurement in its Report of 1972 stress the importance of small business. Special legislation and programs of emphasis have attempted to improve the capabilities of small firms to operate effectively in the market place. The Office of Federal Procurement Policy is firmly committed to giving even greater support to small firms.

Federal Government contracting for research and development is one area in which small firms are inadequately used--less than four percent of Federal research and development expenditures go to small firms. Recognizing this, OFPP established an interagency panel to consider ways of increasing the utilization of small technology based firms. The panel was chaired by Jacob Rabinow of the National Bureau of Standards. Other members were from the National Science Foundation, the Department of Defense, the National Aeronautics and Space Administration, the Energy Research and Development Administration, and the Office of Federal Procurement Policy.

In establishing the panel, OFPP noted the increasing concern that our country will lose significant high technology capabilities absent a concerted effort to increase small business research and development contract awards by the Government.

In May 1978, the President announced plans for a White House Conference on Small Business to be held in 1980. By his memorandum of June 14, 1978, the President asked the Heads of Executive Departments and Agencies to report to the Conference important small business initiatives. One of the initiatives OFPP has reported is increasing the small business share of research and development contracts. As part of this initiative, I forward for your review now the enclosed copy of the "Rabinow Panel" report. Your active support of the recommendations will, I believe, help to increase the role of small business in research and development.

I further request that after six months you report to me what progress you are making in implementing the report's recommendations and suggestions on how to use the Federal acquisition process to stimulate small, high technology firms. At that time, we will be in a position to reappraise and strengthen the program and make more specific recommendations to the White House Conference.



Lester A. Fettig
Administrator

Enclosure