

BOB DOLE
KANSAS

United States Senate

OFFICE OF THE MAJORITY LEADER
WASHINGTON, DC 20510

July 28, 1986

TO: Senator Dole

FROM: Staff

SUBJECT: Materials for talk to Latin American
Manufacturers Association

The LAMA (which you are addressing at 1:00 p.m. today) represents the Hispanic business community, with Mexican-Americans predominant in the organization.

They expressed an interest in hearing the latest on tax reform, on aid to the contras, and on minority enterprise support from the Federal government, and debt problems of Latin America.

Attached are talking points Ernie prepared on minority enterprise and the Hispanic community, Rich's latest memo on tax conference, and materials on the other issues.

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NATIONAL
STEERING COMMITTEE**

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Dr. Robert Saucedo

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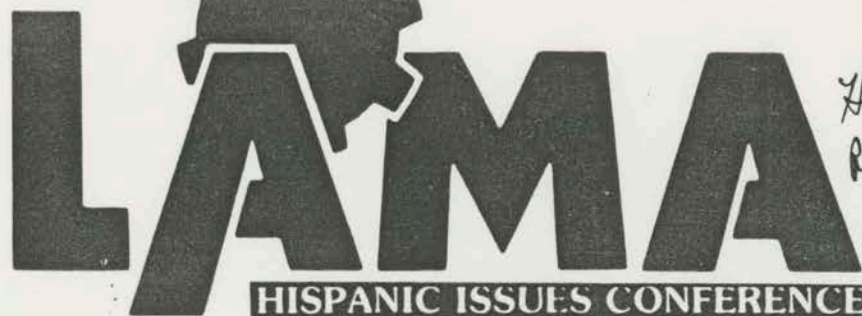
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National Hispanic Association
of Construction Enterprises



June 20, 1986

Senator Robert Dole
United States Senate
141 Hart Senate Office Building
Washington, D.C. 20501

Dear Senator Dole:

On July 28 and 29, the Latin American Manufacturers Association (LAMA) will be holding its third Annual Hispanic Business Issues Conference in Washington at the Hyatt Regency Hotel on Capitol Hill. We would like to invite you to be the featured speaker at our Presidential Forum Luncheon on Monday, July 28th. The Conference participants would like to hear your views on minority enterprise, tax reform, relations with Mexico, aid to the Contras, the Contadora process, defense spending, or any other topic which you feel is important.

The Conference will involve 400 to 500 CEOs and senior executives from the nation's foremost Hispanic manufacturing and high-tech companies. These firms are major employers in their respective Hispanic communities, and are the foundation of the burgeoning Hispanic industrial sector in this country. You may be interested to know that many of our firms are successful contractors with the Department of Transportation, thanks to the enlightened policies of Secretary Elizabeth Dole whom, it is rumored, you may know (see articles on Mrs. Dole in the attached LAMA newsletters).

The focus of our Issues Conference this year is on the participation of Hispanic firms in Federal contracting. As you are no doubt aware, Hispanic business has been seriously underrepresented in Federal contracting over the past decade in comparison to other minorities. Although the situation has improved somewhat during the last two fiscal years, it is important for organizations like LAMA to keep the pressure on SBA and the Federal agencies to bring Hispanic contracting up to more equitable levels.

Latin American Manufacturers Association
* Lou Arranaga, Chairman of the Board
419 New Jersey Ave., S.E., Washington, D.C. 20003 202/546-3803

June 25, 1986
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Your strong interest in Hispanic issues is well known to our community. We look forward to the opportunity of paying our respects to you at our Issues Conference. We would be honored if you would accept our invitation.

Yours truly,

Lou Arranaga
Chairman,
Board of Directors

Stephen Denlinger
President

Dr. Robert Saucedo
Chairman,
Issues Conference

c.c. Mr. Mike Pettit, Administrative Assistant
Ms. Betty Meyer, Executive Assistant/Scheduling Secretary

Encls.

05/01/12

→ bcc. Mr. Ernie Garcia

MINORITY ENTERPRISE AND THE HISPANIC COMMUNITY

TALKING POINTS

A. What was done in the Past

- *Federal initiatives in promoting minority business enterprise over the past decade have had a substantial impact on the minority community. Principal among the initiatives has been SBA's 8(a) program. Over \$10 billion in contracting opportunities have been channeled to minority businesses by Federal agencies through the program. Total federal dollars expended through the program excelled \$2.5 billion in FY 84.
- *In FY 84, 24.5% of the 8(a) portfolio were Hispanic businesses. They received contract dollars which was 25.8% of the 8(a) contracts awarded.
- *In FY 85, 25.2% of the Hispanic businesses were in the 8(a) portfolio receiving 32.0% of the contracts awarded.
- *In the area of 7(j), the percentage of Hispanic participation amounted to 6.6% in 1984; this more than doubled in 1985, going up to 15.0%.
- *In terms of dollars, the percentage of contract dollars awarded in 1984 which was 13.6% of the total amount went down in 1985 to 10.9%. An explanation for this decrease was the seeming lack of many Hispanic firms to take part in 7(j) program.
- *In terms of contract dollars overall, the amount that has gone to Hispanic businesses has gone up 310% between 1980-1985. In terms of participation in the 8(a) portfolio, it has gone up 51% in the same time period.

B. What does the Picture look Today

- *As of May 31, 1986, the number of Hispanic businesses in the 8(a) program was already 25.0% of the total portfolio, exceeding last year's percentage of contract dollars, constituting 34.1% of the amount received to date.
- *In the area of 7(j) the figure more than doubled last year's percentage of participation, jumping up to 34.2%. In the same manner the percentage of contract dollars received has more than doubled last year's figure, going up to 23.7%.
- *Given the growth sales and number of employees of some Hispanic businesses there seems to be no need for their participation in the 8(a) program, as is shown by the attitude of Hispanic businesses in Miami.
- *Fewer Hispanics in the program than what some trade associations would like to see participating should not be construed as a negative. On the other hand, it can be viewed as a signal of success in their developmental efforts "to do it all their way."

C. What does the Future look?

- *MSB&COD at SBA is increasing its outreach efforts in a manner that is feasible and realistic. To increase the number of Hispanic businesses in the 8(a) portfolio without the consequent contract support is unfair and cruel.

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*Provide more contract support for 8(a) firms in general, and Hispanic firms in particular, through improved working relationships with Federal procuring agencies, more so in light of the Gray Amendment.

*Explore innovative route to assist 8(a) firms to tap the market of third world countries through international trade, i.e., Blacks with Africa, Hispanics with Latin America, and Asians with the Orient, to provide them a viable avenue to be and remain competitive especially after graduation from the program.

MEMORANDUM

TO: SENATOR DOLE
FROM: JIM WHITTINGHILL
RE: SPEECH TO LATIN AMERICAN MANUFACTURERS ASSN.

28 July 1986

YOU WILL BE INTRODUCED BY LYN NOFZIGER

This memo is intended as an update to the attached background sheet on Hispanic issues.

TAXES/SECTION 936--

Tax conferees have not addressed any international issues. However, both the House and Senate passed bills are substantial improvements over the Administration proposal. The Senate bill is slightly more advantageous than the House bill.

IMMIGRATION--

The Senate passed the Immigration Control and Reform Act on September 19, 1985. The House Committee on Judiciary reported its version of the bill on July 16 of this year, and it was sequentially referred to 6 additional committees for a period not to exceed August 5. In the 98th Congress, the bill died in conference with the sine die adjournment of the Congress. Both the House and Senate bills will contain "employer sanctions."

MINORITY BUSINESS DEVELOPMENT--

The Administration has agreed to drop its efforts to abolish the Small Business Administration. In addition, the Administration has apparently selected BUT HAS NOT ANNOUNCED the new Administrator -former North Carolina Congressman Gene Johnston.

BILINGUAL EDUCATION --

Secretary of Education Bennett has aroused some controversy in this area by suggesting that students should first be taught English followed by regular subject matters as opposed to teaching regular subject matters in the foreign languages.

Senator Symms is evidently involved with an organization called the Center for Inter-American Studies about which the Latin American Manufacturers Assn. is upset. Steve Denlinger, President of LAMA, advises that you avoid commenting on this issue by stating you are not aware of the Symms organization.

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Businesses known as "Maquillador" (ma KEY a dora) plants or "twin plants" (the Spanish word has to do with bartering to have grain milled) are growing on the Mexican border with the U.S. General Motors, for example, has all wiring harnesses assembled in Mexican plants and also assembles one of its engines in a Mexican plant. Some computer firms assemble hardware, many supermarket coupons are sorted in these plants, etc. These are the only businesses in Mexico which are exempt from the 51% Mexican ownership requirement and duties on the importation to the U.S. are based only on the increased value added in the Mexican plants. In addition, it is estimated that 1 U.S. job is created for each five Mexican jobs. These plants may, in the future, help both Mexico and the U.S. from advantages now enjoyed by Pacific Rim countries.

July 28, 1986

Tax reform in the Senate: Strengthening the American Family

o The Senate tax bill went the House bill one better--and then some--in revising the tax code to bolster the American family. As a result, one of President Reagan's most cherished goals for America is about to become a reality.

o The Senate did what the House failed to do: increasing the personal tax exemption to \$2,000, except for the most wealthy taxpayers. And the tax conferees are prepared to agree to that change.

o With the Senate's two tax rates--15% and 27%--80% of Americans would be paying income tax at only a 15% rate. And even the 27% rate is the lowest the top rate has been since 1931.

o Families that need help the most--the working poor--also get the most benefit out of our tax reform. 6 1/2 million of the working poor would be taken off the income tax rolls altogether. For a family of four, income up to \$13,000 would not be subject to income tax. That amount is \$530 above the poverty line for a family of four.

o The earned income credit--another boost to the working poor--would be raised from the present 11%, and the income levels at which the credit is phased out will be increased. Most importantly, the earned income credit will be indexed to inflation under the Senate bill--thereby extending to the working poor the principle of tax indexing, the most important pro-family tax reform in decades.

o While these pro-family reforms are being made, some very important existing tax benefits for families are being retained, including the special deduction for elderly and blind dependents, and the child care credit, which gives a tax break to working people who have youngsters to care for at home.

o In addition, for all taxpayers filing joint returns the standard deduction (or "zero bracket") would go up to \$5,000 from the present level of \$3,670. And this change, like the rate brackets and the new personal exemption, will continue to be guaranteed against future inflation.