

January 1, 1976

Office of the White House Press Secretary

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NOTICE TO THE PRESS

The President has signed H.R. 5541 - Small Business Emergency Relief. This bill authorizes Government agencies to terminate, modify or extend fixed-price Government contracts entered into with small business firms.

H.R. 5541 will provide emergency relief to small business firms that were caught in the economic squeeze between fixed-price Federal contractual commitments and the rising costs of materials, supplies and energy. The bill will authorize the head of any Executive Branch agency, upon application by a small business, to assist such a firm in three ways:

- terminate for the convenience of the Government any fixed-price Government contract entered into between the agency and a small business firm if it is found that (1) the business suffered or can be expected to suffer serious financial loss due to unanticipated cost increases directly related to the contract, and (2) the cost increases were or are being experienced by other small businesses in general rather than from factors peculiar to that firm such as mismanagement or underbidding.
- modify terms of the contract, in lieu of termination, only if two conditions exist:
  - (1) if the contract were terminated, the agency would have to reprocure the supplies and services at a cost higher than the modified contract, and
  - (2) any modification would be made in compliance with guidelines issued by the Office of Federal Procurement Policy not later than ten days after enactment of the bill.
- extend the contract performance date in order to compensate for delays due to shortages of energy or petroleum (or of products or components made from petroleum or "impacted" by such shortage).

In order to qualify for termination or modification of contracts, the bill requires extensive documentation about the small business to be filed with the agency.

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