

United States Senate

WASHINGTON, DC 20510

August 13, 2007

The Honorable Henry M. Paulson
Secretary of the Treasury
Department of the Treasury
1500 Pennsylvania Avenue N.W.
Washington, D.C. 20220

Dear Secretary Paulson,

We are writing to express our concern about the results of the recently completed GAO study of the implementation of Executive Order 13170. As you know, E.O. 13170 directs agencies to take an aggressive role in ensuring substantial participation in federal advertising contracts by businesses in the Small business Administration's (SBA) 8(a) and small disadvantaged business (SDB) programs as well as other minority-owned businesses.

We requested this study because many minority media outlets and advertising firms have stated their concern that access to the federal advertising market is severely limited. Also, this issue is critical because minorities have been misrepresented and under-represented in the media and advertising for years. We believe this problem can be alleviated in part by using minority ad agencies, minority media buyers and minority media outlets in federal advertising campaigns.

Furthermore, a Federal Communications Commission study, pointed out the challenges that minority advertising agencies and media outlets face in the commercial market. That study quoted a memo instructing ad agencies not to buy advertisements on "urban" or "Spanish" radio stations. Those exclusions were often based on stereotypes about the minority consumers those stations serve.

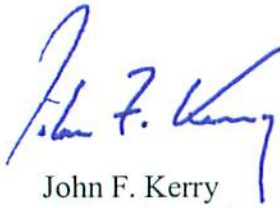
We are disappointed that advertising contracting numbers at the Department indicate that the Department is not making an adequate effort to award contracts to minority agencies or, like the advertising agencies in the FCC report, may even be discouraging the use of minority advertising outlets. The Treasury Department spent only 1.9% of advertising contract dollars with minority firms and paid them on average nearly 47% less per contracting action than majority firms. To be more specific, over the five year period studied, the Department spent less than \$740 thousand per year with minority advertising firms while spending nearly \$37 million per year with majority advertising firms.

In light of this report, we have serious doubts that the command of E.O. 13170 that "each department and agency shall ensure that all creation, placement, and transmission of Federal advertising is fully reflective of the nation's diversity," is being met by your Department. In furtherance of the goal of E.O. 13170, we would like you to respond to the following questions by September 7, 2007:

1. What specific action is your Department taking to increase the number of advertising contracts with minority advertising firms?
2. Please tell us when a senior level official at the Department will remind acquisition personnel to adhere to E.O. 13170 and instruct them to increase their efforts to fulfill its mandate.

If you have any questions please do not hesitate to contact us or have a member of your staff contact Gregory Willis at 202-224-5175, Mark Wetjen at 202-224-3542, Julia Kernochan at 202-224-6542, or Kim Rudolph at 202-225-2261. We look forward to hearing from you soon.

Sincerely,



John F. Kerry
United States Senator



Charles E. Schumer
United States Senator



Harry Reid
United States Senator



Carolyn Cheeks Kilpatrick
United States Congresswoman