

## Loans Can Fill the Gap for Defense Contractors : U.S. aid to Pacoima firm shows how to ease transition

- - Email
  - Share

De Leon Enterprises of Pacoima, with just 29 employees, will never make Fortune Magazine's list of the nation's biggest and most profitable companies. Similarly, U.S. Commerce Secretary Ron Brown's announcement of a \$69-million federal loan program for economic aid and earthquake recovery received scant attention last year.

The fact that the loan amounted to a minuscule fraction of the Gargantuan aid package for the Northridge earthquake probably had something to do with the lack of attention. But Times reporter Timothy Williams' story about this tiny company and the equally small loan package is deserving of more attention.

No state has suffered more than California in terms of military base closings and cutbacks in federal spending on the defense and aerospace industry. Many such companies have found it difficult to find new markets for their traditional work. The effort to retool, retrain and shift to non-defense, non-aerospace contracts has been equally tough, and the results have been mixed at best.

The federal Technology Reinvestment Program, or TRP, was designed to help companies make such changes. But the pot of money was quite small in relation to the Pentagon's old multibillion-dollar feed bag. It recently amounted, for example, to just 251 grants, nationwide, for a total of \$820 million. Now, it seems that even this modest attempt to help the industry that helped win the Cold War is under fire in Congress.

Earlier this month, the new Republican majority on the House Appropriations Committee voted to withdraw \$425 million in TRP funding that had already been approved for this fiscal year. The Committee also decided to hold up \$77 million in TRP funding remaining from fiscal 1994.

That kind of movement on Capitol Hill puts a premium on other funding packages, regardless of how small they might seem. Those packages are filling significant gaps.

Miguel De Leon, for example, has bought and resurrected a high-tech electronics firm that crashed last year because of the aerospace industry slowdown. It's the same company in which he rose through the ranks from assembly line worker to vice president of operations. He is proving himself successful in making a difficult transition: cutting his dependence on defense and aerospace work in half by making electronic circuit boards for everything from trash compactors to seismographs.

But the federal Small Business Administration turned down a loan request from De Leon Enterprises. No matter. Enter the Commerce Department, with a \$205,000 loan.

"He (De Leon) is a success story of gigantic magnitude," Secretary Brown said in presenting the check, which was the first for the new loan program. For De Leon, it will mean new equipment, new employees, further automation, and expanded retraining for a business that plans to cut its reliance on defense and aerospace to just 15% in the coming years.

It's an example of what can be done, at relatively little cost, to help California and the rest of the nation adapt to the new economic order.

- - Email
  - Share