



U.S. SMALL BUSINESS ADMINISTRATION
WASHINGTON, DC 20416

October 25, 2013

The Honorable Al Franken
United States Senate
Washington, DC 20510

Dear Senator Franken:

Acting Administrator Hult has asked me to respond to your recent correspondence regarding suggested improvements to the U.S. Small Business Administration's (SBA) Federal small business procurement programs. Small businesses are an essential component of a thriving American economy, and SBA is aware of the critical role the agency plays in supporting their success.

Your letter expresses concern regarding the achievement of the Federal government against the statutory goals for acquisitions from small businesses. In FY 2012, the federal government made real progress toward the 23 percent goal, with 22.25 percent or \$89.9 billion in federal contracting dollars going to small businesses compared to 21.65 percent in FY 2011, and significant impact in key areas. For the first time, more agencies than ever before reached or surpassed all of their prime contracting goals.

Also, for the first time, the Federal government met and exceeded the 3 percent statutory goal for Service-Disabled Veteran-Owned Small Businesses (SDVOSB) by awarding 3.03% or \$12.26 billion to those firms. In FY2012, the Federal government far exceeded its goal of awarding 5 percent of prime contracting dollars to Small Disadvantaged Businesses (SDB), awarding 8.00 percent – the highest ever to this socio-economic category. And SBA is proud that as a result of a government wide focus on increasing small business contracting opportunities, during President Obama's first term (FY 2009-2012) the Federal government awarded \$376.2 billion in Federal contracting dollars to small businesses. This is a \$48.1 billion increase over the four preceding years even as the Federal government has reduced contracting spending overall.

The SBA knows that more work needs to be done to bring new qualified firms into the federal government's supply chain and maximize small business utilization in the federal procurement space. And SBA is committed to doing everything it can to create an environment where small businesses can be successful. The SBA has been the lead agency for the White House Small Business Procurement Group, which regularly

convenes senior-level agency officials to improve agency accountability around small business achievement. These meetings have been a critical component of advancing agency performance.

Two additional initiatives that have helped small business gain access to federal contracting opportunities are the SBA's Government Contracting or GC Classroom and the ChallengeHER Initiative. The GC Classroom is an online training resource available at www.sba.gov/gcclassroom. GC Classroom has self-paced modules targeted to both contracting officers and small business owners regarding various contracting programs, such as the Women-Owned Small Business (WOSB) Federal Procurement Program, the HUBZone Program, the 8(a) Business Development (BD) Program, and the Service-Disabled Veteran-Owned Small Business (SDVOSB) Program. The ChallengeHER Initiative is a series of events targeting Woman Owned Small Businesses to educate them on the opportunities available within the Federal marketplace and the requirements to be eligible to pursue contracts via the WOSB Federal Procurement Program. In FY13, SBA conducted six ChallengeHER events across the country. Further, we concur that training to contracting officers is crucial. We provide training on an on-going basis to advise agencies of the process for using the set-aside tool.

With respect to the WOSB Federal Contract Program, SBA has created an on-line Repository for women-owned firms to upload corporate documents. We have also developed a Compliance Guide which is on our web site at www.sba.gov/wosb. This guide walks small business owners through the eligibility process. Women-owned firms seeking additional assistance may also use one of the four third-party certifiers who can provide additional hands-on assistance. Further, SBA conducts periodic program examinations to affirm the eligibility of companies representing themselves as WOSBs or Economically Disadvantaged (ED) WOSBs.

Regarding additional industries in which women might be eligible for federal contract assistance, Section 1697(b) of the National Defense Authorization Act of 2013, requires SBA to provide a report to its Congressional Committees of jurisdiction every 5 years after enactment, on the results of new studies to assess industries under-represented by women. The SBA is in the process of implementing this provision.

The SBA appreciates your feedback on the application process for the 8(a) and HUBZone Programs. These are areas that the agency is committed to improving, not only to better serve its clients, but to improve its methods to reduce waste, fraud, and abuse. Interested parties can question the eligibility of a firm for the award of a specific contract requirement by filing a protest. The SBA believes that with the implementation of the WOSB Program. The SBA has struck an appropriate balance between a self-certification program which for the potential benefit available, would have been too minimal of a review. Establishing a certification program for all WOSBs and EDWOSBs, would require substantial agency resources to implement.

The Small Business Jobs Act of 2010 authorized the expansion of the Mentor-Protégé program to include HUBZone, WOSB, and SDVOSB Program participants. The SBA

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had made significant progress in developing the appropriate programmatic regulations to implement that legislation when the National Defense Authorization Act (NDAA) of 2013 was passed. The NDAA of 2013 includes a further expansion of the Mentor-Protégé program to all small businesses. The SBA is revising its draft regulations to include the full expansion.

We appreciate your support of SBA and the Minnesota small business community. If you and your staff have additional questions, please contact the SBA's Office of Congressional and Legislative Affairs at (202) 205-6700.

Sincerely,

John Shoraka
Associate Administrator
Office of Government Contracting and
Business Development