



## **POLICY STATEMENT ON SMALL BUSINESS CONTRACTING March 2007**

To ensure that small businesses can access its fair share of the over \$370 billion federal procurement market, the Federal Government set a goal of awarding 23% of all federal contract dollars to small businesses and 5% to small disadvantaged businesses. Prominent among the several federal programs designed to stimulate small business contracting is the Small Business Administration (SBA) Section 8(a) Business Development Program to enhance the competitive viability of firms owned by socially and economically disadvantaged individuals through the provision of contractual, financial and technical assistance. The purpose of these federal goals and programs has always been to ensure the maximum practicable utilization of these underrepresented firms, and to expand the base of suppliers to the federal government.

Congress originally based eligibility for the 8(a) program, in part, on whether the applicant is an individual of certain racial or ethnic heritage, or is a member of a group indigenous to this country. In later reforms of the 8(a) program. Congress extended eligibility to Indian Tribes, Alaska Native Corporations (ANCs) and Native Hawaiian Organizations (NHOs) representing those indigenous peoples who have a time-honored special trust relationship with the federal government that obligates the government to implement policies to facilitate self-determination and self-sufficiency within Native communities.

For many individual entrepreneurs, the 8(a) program has helped them grow their business successfully and benefit personally from that growth. For Indian Country, the 8(a) provisions applicable to Tribes, ANCs and NHOs have enabled the Native enterprises they own to generate revenues and create jobs that benefit their entire Native communities. Despite the success of many 8(a) companies, many more still struggle to break into the highly concentrated federal procurement market that is dominated by much larger companies, including the five largest contractors that alone hold 20% of all federal contract award dollars.

To expand the contracting opportunities for all small business contractors, our organizations pledge to work together to broaden the base of 8(a) and other



small business suppliers and service providers available to the federal government by: 1) developing innovative incentives for agencies to award more and larger contracts to 8(a) and other small business contractors; and 2) advocating for the use these incentives and other procedures that will ensure that the SBA and other federal contracting agencies ramp up their award of contracts so as to meet and exceed their small and minority business contracting goals every year.

### **Policy Positions**

For the foregoing reasons, our organizations pledge our support for the initiatives outlined in the attached document..

#### **A. Expand Small Business Contracting Opportunities.**

The SBA's regulations and policies have not kept pace with changes in the federal contracting market, such as increases in the average size of contracts often exceeding the capacity of small firms, the prevalence of teaming arrangements and joint ventures, the bundling and consolidation of contracts, and the consolidation of government contractors to perform larger contracts. These changes have made it harder for small businesses, particularly 8(a) firms, to compete for government contracts. Consequently, there have been steep declines in the total value of contracts awarded to 8(a) companies in particular and to all small businesses in general. The federal government must take immediate actions to reverse these trends, including retaining some incentives and enhancing other incentives for contracting officers to award to 8(a) and other small businesses, such as:

1. Fulfill Congressional intent to provide important incentives for agencies to contract with underrepresented Native community-based enterprises without diminishing or eliminating the 8(a) provisions applicable to these enterprises owned by Tribes, ANCs or NHOs that help build stronger, more self-sufficient Native economies.



2. Enhance the ability of individuals to qualify for certification as 8(a) program participants and to pursue larger contracts on a competitive or non-competitive basis.
3. Support agency efforts to track and monitor federal agencies' achievement of their 23% small business and 5% minority business contracting goals, and advocate for approval of increases in these two goals, and/or a new goal for 8(a) contract awards.
4. Identify new ways to participate in the concentrated federal procurement market, including innovative teaming arrangements for Native enterprises and other small businesses to pursue larger contracts in teams, such as bundled contracts set aside for competition among teams of small businesses.
5. Encourage small businesses with larger contracts to implement subcontracting plans to develop stronger business alliances among all types of small business contractors. Currently subcontracting plan requirements apply only to large prime contractors and describe how they will subcontract a portion of the prime contract work to 8(a), small disadvantaged, service disabled veteran-owned, HubZone, women-owned and other small businesses.



## **B. Administrative Oversight and Monitoring.**

Scrutiny of government contractors, whether excessive or not, will continue. Even permissible relationships, such as a mentor-protégé agreement with a large business, can be cast as improper, and suspicion thrives on the scarcity of accurate data. Increased SBA and other agencies' oversight of existing requirements would verify that Native enterprises and other 8(a) companies are good stewards of taxpayer funds. The following steps can foster better administrative oversight:

1. Improve SBA's implementation of the 8(a) provisions applicable to Tribes, ANCs and NHOs by: a) enhancing existing policies and procedures to improve outreach and assistance to, and oversight of, Native enterprises; b) redesigning and improving the Tribal 8(a) certification process to reflect the unique nature of Tribal enterprises; and c) authorizing an Assistant Administrator for Native American Affairs to access the various programs of the SBA to improve the support provided to Native enterprises through contractual, financial and technical assistance.
2. Afford the SBA with sufficient resources to rebuild and train its staff to improve implementation of the 8(a) and other programs to assist all small business contractors in accessing the tools necessary to compete successfully and receive a fair share of federal contracting opportunities.
3. Design a method to identify and track contract awards to Native enterprises owned by Tribes in federal procurement data systems.
4. Establish a small business 8(a) training program to provide annual training sessions for both 8(a) contractors and contracting officers.