

**Testimony of
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**Before the
Subcommittee on Contracting and Technology
House Small Business Committee
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Chairman Nye and other distinguished Members of this Committee, thank you for inviting me to testify about the U.S. Small Business Administration (SBA) and its small business procurement related programs and how they relate to the American Recovery and Reinvestment Act (Recovery Act).

I am Calvin Jenkins, Deputy Associate Administrator for Government Contracting and Business Development. I appreciate the opportunity to discuss with you the SBA's efforts to ensure that small businesses receive a fair opportunity to participate in the Federal procurement arena with regard to the Recovery Act, especially in this time of historic economic challenge.

Section 2 (a) of the Small Business Act states that "...security (of our Nation) and well-being cannot be realized unless the actual and potential capacity of small business is encouraged and developed..." Included in SBA's mission is the mandate to increase Federal prime and subcontracting opportunities for small businesses in general, as well as specifically women-owned small businesses, services-disabled veteran-owned small businesses, small businesses owned by socially and economically disadvantaged individuals, and small businesses located in Historical Underutilized Business Zones (HUBZone) small businesses.

Through SBA's various government prime contracting and subcontracting programs, the SBA provides policy direction and guidance to Federal procuring agencies and works with them to develop acquisition strategies that will help to increase opportunities for small businesses in Federal procurement. The SBA facilitates this working relationship with the Federal procuring agencies by serving as an active member of the Chief Acquisition Officers Council and chairs the Small Business Working Group. The SBA also chairs the Committee of the Directors of Small and Disadvantaged Programs.

From Fiscal Year (FY) 2000 through FY 2007, total Federal procurement increased from approximately \$200 billion to more than \$378 billion. During this time period, the small business share almost doubled, increasing from \$44.7 billion to \$83.3 billion. Subcontracting dollars going to small business in FY 2007 totaled \$64 billion. We estimate that each \$140,600 spent supports one small business job. Thus, for FY 2007,

prime contract dollars supported 592,000 jobs within small businesses and subcontracts supporting over 450,000 jobs.

For that same period, contract awards to: small disadvantaged businesses increased from \$7.3 billion to \$24.9 billion, women-owned small businesses from \$4.6 billion to \$12.9 billion, HUBZone certified businesses from \$663 million to \$8.5 billion, and service-disabled veteran-owned small businesses from \$554 million to \$3.8 billion.

Although these are significant increases in contract awards for small business, Federal procuring agencies have met only one of five goals consistently from FY 2001 to FY 2007. Clearly more work is still needed. The SBA recognizes the need to improve small business government procurement programs, both within the Agency and externally by working with Federal procuring agencies.

Chairman Nye, you asked specifically that I discuss strategies the SBA is using to assist veterans and service-disabled veteran-owned small businesses to obtain government contracts.

The SBA through its government contracting function is responsible for assisting small businesses in obtaining a fair share of government procurement through a variety of programs and services. A key tool in this effort is SBA's statutory mandate to establish small business procurement goals with each agency prior to the beginning of the fiscal year in line with meeting the government-wide goals. The government-wide goals for prime contracting include 23 percent for small business, 5 percent for small disadvantaged business, 5 percent for women-owned small business, 3 percent for service-disabled veteran-owned small business, and 3 percent for HUBZone certified small business. SBA is also required to report on agencies achievements in meeting their goals and plans to achieve goals not met. SBA has established a Small Business Procurement Scorecard to do this and it is publicly available on SBA's website. Although there is no government-wide goal for veteran owned small businesses, Federal agencies in Fiscal Year 2007 awarded more than \$10.8 billion in contracts, or 2.9 percent, to veteran owned small businesses.

As you are aware Public Law 106-50, enacted in 1999, established a 3 percent service-disabled veteran-owned small business goal for Federal prime contracting and subcontracting, respectively. Public Law 108-183 established a procurement program for service-disabled veteran-owned small businesses, which allowed for:

- Competitive set-asides where it is expected that two or more service-disabled veteran-owned small businesses will submit an offer at fair market price.
- Sole source awards where only one service-disabled veteran-owned small business will submit an offer at fair market price.

As part of SBA's Small Business Procurement Scorecard initiative, SBA featured the Department of Veterans Affairs and the Department of Homeland Security as best practices for strategies to increase federal procurement opportunities for service-disabled

veteran-owned small businesses. SBA posted these best practices as a way to assist other agencies in meeting their service-disabled veteran-owned procurement goal.

In response to your specific request for information about strategies the SBA will deploy to help small business obtain contracts resulting from the Recovery Act. I would like to report that the SBA has appointed a Stimulus Bill Coordinator to ensure that all of the Agency's programs (lending, procurement, and business development) are moving aggressively to assist small businesses. As it relates to contracting, we have begun a campaign to reach out to small businesses informing them of procurement opportunities available at the Federal level and advising them how to get involved in the state and local government infrastructure procurement actions that are likely to result from the Recovery Act. We are also posting and updating procurement information on our web site to make it easier for small business to locate agencies procuring products and services to support the stimulus efforts. In addition, we are working with the General Services Administration to ensure reporting of small business participation in acquisitions under the Recovery Act, including service-disabled veteran-owned small businesses.

Our field staff, which is another key tool in our delivery of small business procurement assistance, is organized into six Area Offices: Area One – Boston, Area Two – Philadelphia, Area Three – Atlanta, Area Four – Chicago, Area Five – Dallas, and Area Six – San Francisco. These offices are responsible for overseeing and directing the activities of our Procurement Center Representatives, Commercial Marketing Representatives, Small Business Size Specialists, Industrial Specialists and Natural Resources Sales Specialist.

Procurement Center Representatives (PCR) are stationed at major Federal procuring activities and are responsible for increasing small business opportunities in the Federal procurement process. It is important to note that PCRs review all proposed major unrestricted procurements and bundled requirements, and recommend procurement strategies that will maximize opportunities for small businesses to participate as prime contractors. PCRs also review bundled contract requirements to determine if they are necessary and to ensure that small businesses can participate, by either requesting the agency set a certain subcontracting goal or by breaking apart the bundled requirement so that small businesses can participate in some capacity as prime contractors. The SBA encourages small business to team together and to establish strategic alliances and joint venture to better position themselves for increase procurement opportunities.

Commercial Marketing Representatives ensure that small businesses receive a fair share of subcontracting opportunities from Federal Government's large prime contractors. When awarded a contract valued at \$500,000 or higher, these large prime contractors are required to establish a subcontracting plan for small business participation. The SBA along with the procuring agency evaluates the large prime contractor's effort against its subcontracting plan.

Small Business Size Specialists determine individual firms' small business size status for when such firms' size is questioned vis-à-vis a specific procurement. The size status

reviews are the result of a protest filed by another small business, the contracting officer, or other interested party.

Industrial Specialists assist small businesses by issuing certificates of competency, if appropriate, for small businesses that submit proposals that are likely to be successful on a government procurement, but whose capability to perform is questioned by the contracting officer.

Natural Resources Sales Specialists ensure that small businesses obtain a fair share of Federal real and personal property authorized for sale or other competitive disposal actions. The program includes: sale of timber and related forest products; royalty oil sales, mineral, coal, oil and gas leasing; strategic and critical stockpile materials disposal; and real and personal property sales.

Chairman Nye and other distinguished Members of this Committee; thank you again for the opportunity to testify before you regarding our work to promote government contracting programs for America's small business, and I am happy to answer any questions you may have.