



U.S. Small Business
Administration

Statement of Robb Wong
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before the
Senate Committee on Small Business and Entrepreneurship
Hearing on “Reauthorization of SBA’s Contracting Programs”

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Thank you, Chairman Rubio, Ranking Member Cardin, and members of the committee. I appreciate the opportunity to testify today about the contracting and business development programs provided by the U.S. Small Business Administration (SBA).

Since March 2017, I have served as the Associate Administrator for the Office of Government Contracting and Business Development (GCBD). This is my second time serving at SBA having previously worked in the agency's Office of General Counsel (OGC). Through my work in OGC, I also served in the field as a special assistant and attorney in SBA's Houston District Office, and later, as a counsel and acting district director in our Lubbock District Office.

In my role with GCBD, I oversee contracting and procurement activity for small businesses across the federal government. Our program office administers programs and services that assist small businesses in meeting the requirements to receive government contracts, either as prime contractors or subcontractors. Federal agencies conduct a variety of procurements that are reserved exclusively for small business participation. These set-asides can be for small businesses in general, or specific for HUBZone certified small business concerns, 8(a) certified small business concerns, service-disabled veteran-owned small business concerns, or women-owned small business concerns.

The federal government spends nearly \$500 billion a year on goods and services through contracting. The Small Business Act establishes a government-wide goal at not less than 23% of prime contract awards go to small businesses. I am happy to report that agencies have achieved record highs over the past few years, exceeding the 23% goal, and that the federal government has increased the number of dollars awarded to small businesses. In 2017, we reached a record \$105 billion to small businesses, and we expect to greatly exceed that in 2018. This has meant more contracts, meaning more revenue, for small businesses and more jobs.

SBA negotiates annually with each federal agency on small business goals and ensures that a certain percentage of federal contract awards goes to small businesses. SBA works collaboratively with agencies to make sure that small businesses get maximum practicable opportunities to provide goods and services to our government. SBA fosters participation by small, disadvantaged, service-disabled veteran owned, and women-owned small businesses in federal government contract awards. Within the government-wide 23% goal, there are specific goals of 5% to women-owned small businesses, 3% to service-disabled veteran-owned small businesses, 5% to small disadvantaged businesses, and 3% to HUBZone firms.

SBA has four small business contracting programs which provide tools to help us achieve these goals. The 8(a) program, for small business concerns owned and controlled by socially and economically disadvantaged individuals, is the most used small business certification program. The HUBZone program serves small businesses located in historically underutilized business zones. Both programs require SBA certification. Additionally, there are two programs for service

disabled veteran-owned small businesses and for women-owned small businesses that currently require only self-certification. We have tried to improve the internal processes and policies around these four contracting programs with two objectives in mind. First, we want to improve the usefulness of SBA certifications to the public and the federal government, and we want to guard the public trust so that when an SBA certified company is awarded a contract, they are eligible to receive it.

Next, let me address a few items our program office has been working on. We will soon report that the HUBZone Program achieved its best contracting performance in FY18, in terms of contract value since 2011 and in terms of percentage since 2012. While we have not yet attained the government-wide three percent goal, we continue to make progress. We are finalizing a new set of HUBZone regulations that will simplify the program, making it easier for a firm to maintain compliance, and more attractive for acquisition agencies to set-aside contracts for HUBZone small businesses. We are also planning to leverage HUBZone contracting authorities with the Administration's Opportunity Zones Initiative. This dovetails with the program's purpose to produce, through contracts, economic development, job growth and capital formation, in America's most distressed communities.

Two other initiatives within our program office involve rulemaking processes for implementation of the Small Business Runway Extension Act and a five-year review of size standards. SBA has just completed and will be publishing a proposed rule, making necessary revisions to its regulations to implement the Runway Extension Act. While the new law increased the averaging period for calculating annual revenue for businesses in services industries only, for consistency, the SBA is proposing to apply the same 5-year averaging period for all other businesses subject to revenue-based size standards.

With respect to small business size standards in general, the Small Business Act requires that the agency review size standards at least once every five years and make appropriate adjustments to reflect current market conditions. SBA completed the first 5-year review of size standards in early 2016, in which SBA adjusted upwards about 60% of more than 1,000 size standards, enabling more than 72,000 of businesses to gain or retain their small business status. Currently, SBA is in the process of conducting the second 5-year review. As part of that effort, in April 2019, SBA issued a revised white paper on "Size Standards Methodology" and will roll out a series of proposed rules later this year, starting with receipts-based size standards.

SBA also has just completed an interim final rule on the 5-year adjustment of all monetary-based industry size standards for inflation, which is expected to be published in a few weeks. This will raise all monetary-based size standards by the amount of inflation that occurred since the last inflation adjustment in 2014.

Another recent rulemaking to make the committee aware of involves the women-owned small business contracting program. On May 14, the SBA announced a proposed rule change for the WOSB program. This rule would eliminate the current self-certification option, give firms seeking WOSB or EDWOSB certification the opportunity to apply to and receive certification from SBA, and require Third Party Certifiers to notify applicants of fees. The proposed rule will

bolster the number of federal contract awards and better empower agencies to meet the 5% federal contracting goal for women-owned small businesses. Public comment closes on July 15.

Thank you again for the opportunity to testify. We look forward to continuing to work with you on behalf of America's small businesses.