

**STATEMENT FOR MARKUP OF “THE SMALL BUSINESS CONTRACTING
REVITALIZATION ACT OF 2010”
Senate Committee on Small Business and Entrepreneurship
Ranking Member Olympia J. Snowe
March 4, 2010**

Thank you, Chair Landrieu for holding today’s markup of the *Small Business Contracting Revitalization Act of 2010* (S. 2989). This critical legislation is the direct result of consensus-building and compromise, and continues our Committee’s longstanding bipartisan tradition. I also thank the Chair for accepting a number of amendments into a managers’ package. As Ranking Member, I have long championed increased small business access to federal contracting dollars. So I thank Chair Landrieu for her tireless leadership and partnership with me in forging this truly bipartisan bill, many of the provisions of which originate from a bill I introduced as Chair back in the 109th Congress.

With 2.6 million jobs having disappeared over the past year, Americans, including the nearly 300 small business owners who attended three forums I held in January in Maine, are fighting tooth and nail just to keep their businesses alive. It is all-the-more paramount that small businesses have the opportunity to contract with federal Agencies, because the federal government is the largest buyer of goods and services in the world, spending over \$500 billion in Fiscal Year 2009 alone. For small firms that are struggling to stay afloat and maintain their workforce, federal contracting can be an instrumental part of a larger strategy for broadening their customer base and creating jobs. Small businesses have created nearly 64 percent of net new jobs over the past 15 years – and they will undoubtedly lead our nation out of the worst set of economic circumstances since World War II.

I truly appreciate the Chair for agreeing to mark up in the coming weeks the HUBZone Improvement Act (S. 3020), which I introduced last week along with the support of the Chair and Senators Bond and Merkely. This bipartisan bill would ensure that our small business owners have a functioning HUBZone program, and given the daunting circumstances facing our small business owners and entrepreneurs, improving this pivotal program will only enhance our nation’s economic recovery. The legislation would rectify concerns that the Government Accountability Office (GAO) has raised with the HUBZone program’s certification and fraud control mechanisms.

Speaking on the bill before our Committee today, I remain frankly dismayed by the myriad ways the federal government has time and again egregiously failed to meet its statutory, government-wide small business “goaling” requirements that 23 percent of all federal procurement dollars must be allocated to small contracting firms.

It is simply unconscionable that the program-specific goal requirement for only one category of small business – small disadvantaged businesses – has been met, while the goals for the three other programs – HUBZones, women-owned small businesses, and service-disabled veteran-owned businesses – has never been achieved. This blatant and abject failure is not without consequence, as job creation potential for small businesses has been drastically inhibited by preventing them from securing their fair share of billions of federal contracting dollars.

And yet, the percentage of procurement funds awarded to small businesses under the American Recovery and Reinvestment Act is impressive so far. As of February 16, 2010, small businesses have received over 29 percent of stimulus federal contracting dollars, which significantly exceeds the 23 percent statutory

goal. This begs the question, if the Federal government can not only meet but exceed these requirements for stimulus funds, why can't these goals be met year in and year out? Does the U.S. economy truly have to teeter on the precipice of collapse to get the wheels of bureaucracy moving for small business procurement?

That's why the bill our Committee is considering today will help the federal government satisfy – and exceed – its small business contracting goals, which, in turn, will help stimulate both economic development and job creation. The *Small Business Contracting Revitalization Act* would make the following key enhancements to the small business contracting laws:

First, this bill would minimize the use of “contract bundling” – consolidation of multiple contracts by the federal government, which unfairly and unacceptably shuts out small business from the procurement process by favoring larger contractors.

Second, it would allow small businesses to join together – in what's called “teaming arrangements” – to jointly compete for Federal contracts, which would enhance the likelihood that small businesses can bid successfully, particularly for larger contracts that they would normally not be able to win on their own.

Third, our measure would require the SBA to update its small business size standards every five years, to help prohibit fraud and abuse where large firms secure procurement dollars that should go to small businesses.

Fourth, the bill addresses the complaints we have heard from small business subcontractors all across the country about the extreme delays in receiving payment from large businesses. In this current economic environment, small businesses cannot afford the cash flow shortage that accompanies delayed

payments. They rightfully expect and deserve to be paid when they complete work. So our bill would require prime contractors to contact Agency officials if they are more than 90 days delinquent on payment.

This bill would also require a GAO study to determine whether the mentor-protégé program is effectively supporting the goal of increasing participation of small businesses in government contracting. The SBA Mentor-Protégé Program is designed to encourage approved contractors to serve as mentors and provide various forms of assistance to eligible protégé participants and I'd like to see that it does so.

There are numerous other provisions included – too many, frankly, to detail in my statement – and I do again appreciate Chair Landrieu's efforts on this measure and her willingness to work in a bipartisan fashion to craft the best bill possible.

So in conclusion, the crucial reforms contained in the *Small Business Contracting Revitalization Act of 2010* will enable small firms to fairly compete for Federal contracts, and most critically, put Americans back to work. I strongly urge my colleagues to support this timely and urgent bill.

Thank you, Madam Chair.