

Ranking Member Olympia J. Snowe
Senate Committee on Small Business and Entrepreneurship
Introduction of the Small Business Contracting Revitalization Act of 2010
February 4, 2010

Ms. SNOWE. Thank you, Mr. President. As Ranking Member of the Senate Committee on Small Business and Entrepreneurship, I rise today, along with Senator Landrieu, to introduce the *Small Business Contracting Revitalization Act of 2010*. This critical piece of legislation is the direct result of consensus-building and compromise, and continues the bipartisan tradition of the Small Business Committee. I also wish to thank Chair Landrieu for her partnership with me in forging this truly crucial measure as we work toward contracting parity for small business, and for her tireless leadership on all concerns confronting small businesses today.

The *Small Business Contracting Revitalization Act of 2010* retains critical procurement provisions that originate in the comprehensive contracting bills I introduced or co-sponsored in the 109th and 110th Congresses which were unanimously voted out of the Small Business Committee. This particular legislation will serve to minimize the use of contract bundling and consolidation of contracts by the Federal government, and increase the ability of small businesses to fairly compete for such contracts through a host of key improvements, including allowing small businesses to join together in teams to bid on certain procurement opportunities. Additional requirements will help to ensure prompt payment from prime contractors to subcontractors, and make it easier for the Federal government to prosecute businesses who fraudulently identify themselves as small companies.

Since the mid-1990s, with the enactment of acquisition streamlining

reforms and the downsizing of the Federal procurement workforce, small businesses have faced a litany of hurdles that have deprived them of Federal contracting dollars. One such impediment is contract bundling which takes contracting opportunities out of the hands of deserving small businesses by grouping numerous small contracts and bundling them into one large award. Ill-equipped to manage the demands of these consolidated awards due to a lack of resources, small business owners again find themselves crowded out of the Federal contracting process. Consequently, the bipartisan measure we are introducing today reflects the recommendations made by the Government Accountability Office (GAO) to impose stricter reviews and more comprehensive reporting of bundled contracts, encourages small business teaming to bid on larger contracts, and promotes Federal agency publishing and use of best practices. Additional obstacles to successful small business contracting include “bait and switch” tactics used by prime contractors who use small firms in developing bids but do not subcontract with them once a contract has been awarded. Our bill will address this concern as well as other ongoing problems such as large businesses posing as small businesses, flawed reporting data, and agencies who fail to meet their small business contracting goals.

As Ranking Member of the Senate Committee on Small Business and Entrepreneurship, I am further dismayed by the myriad ways that government agencies have time and again *egregiously* failed to meet the vast majority of their small business statutory “goalings” requirements. It is unconscionable that the statutory goal for only one category of small business – small disadvantaged businesses – has been met, and that goals for the three other programs – HUBZones, women-owned small businesses, and service-disabled veterans-owned businesses – have *never* been achieved.

Consider that, in 2007, small businesses were eligible for \$378 billion in Federal contracting awards, yet received only \$83 billion. This blatant failure to utilize small businesses, thus preventing them to secure their fair share of Federal contracting dollars, has resulted in firms losing billions of dollars in contracting opportunities. But 23 percent is only a base goal – we must strive to *exceed* it, not just meet it.

In the last two years alone, the Small Business Committee has held numerous hearings and roundtables to identify and explain small business' contracting concerns. In addition, the GAO and the Small Business Administration's (SBA) Inspector General have issued multiple reports addressing small business Federal contracting deficiencies. Our legislation builds on the contracting provisions of previous Small Business Committee contracting bills by endowing the SBA with additional tools to meet the demands of an ever-changing 21st century contracting environment.

That said, I am greatly encouraged by the latest statistics relating to Federal contracting dollars awarded to small businesses from the funds appropriated under the American Recovery and Reinvestment Act (ARRA). Preliminary reports show that, as of February 1, 2010, small businesses have received over 29 percent of the ARRA Federal contracting dollars, well-exceeding the imposed 23 percent statutory goal. This begs the question, if the Federal government can not only meet but exceed these requirements for the Recovery Act, why can't these goals be met year in and year out? The simple answer is they can. I am hopeful that this Administration will make a conscious effort to reverse the government-wide failure to meet small business goals on a consistent basis.

I am confident that this legislation will result in the changes necessary to reduce fraud and waste while paving the way for the Federal government to maximize the use of America's innovative small businesses in the contracting arena. Again, I want to recognize Senator Landrieu for her leadership in this matter, and for her continuing commitment to the small business community.

Thank you, Mr. President, I ask unanimous consent that my remarks be printed at the appropriate place in the Record.