

INTRODUCTION OF THE SMALL BUSINESS CONTRACTING IMPROVEMENTS ACT OF 2010

Ms. LANDRIEU. Mr. President, I am pleased today to be introducing, along with the Ranking Member on my Committee Senator Olympia Snowe, the Small Business Contracting Improvements Act of 2010, legislation designed to protect the interests of small businesses and boost their opportunities in the federal marketplace.

As Chair of the Senate Committee on Small Business and Entrepreneurship, I have focused a considerable amount of energy promoting the interests of small businesses in the federal contracting arena. The legislation I am introducing today marks a critical step forward in this process.

As the largest purchaser in the world, the federal government is uniquely positioned to offer new and reliable business opportunities for our Main Street businesses. Government contracts are perhaps one of the easiest and most inexpensive ways the government can help immediately increase sales for America's entrepreneurs, giving them the tools they need to keep our economy strong and create jobs. By increasing contracts to small businesses by just 1 percent, we can create more than 100,000 new jobs – and today, we need those jobs more than ever.

But the reality is, small businesses need all the help they can get accessing federal contracts. In FY 2007, according to the Federal Procurement Data System, the federal government missed its 23 percent contracting goal by .992 percent. That .992 percent represents more than \$3.74 billion and 93,500 jobs lost for small businesses. The numbers are even worse the next fiscal, in FY 2008 the Federal Procurement Data System reported that the government missed its goal by 1.51 percent – meaning more than \$6.51 billion and 162,700 jobs lost. While these numbers tell the stark story of why this legislation is vital for our small businesses and our overall economy, they are still only a part of the story of why this legislation is needed.

Mr. President, our small businesses have been taking the brunt of this economic downturn. In this past year, small businesses accounted for more than 85 percent of job losses. This fact was vividly illustrated to me this weekend when I met with Louisiana business owners and officials. A small business owner who spoke at our meeting told of how he was down from 20 plus employees to three. He was clear that if he had access to federal work he would begin staffing up tomorrow. And that, Mr. President, is the reason I am introducing this legislation today. These contracting opportunities represent job creation for small businesses in a way that is unique. When large businesses get new work they typically spread that work among existing employees. When small businesses get these contracts they must staff up to meet the increased demand.

Furthermore, Mr. President, last week President Obama made the case that small businesses need to be the focus of our recovery. I have heard over and over again that small business is the engine that drives our economy. Well, if that is true, then it is time

to give that engine some gas. President Obama set the right tone and today this bill looks to act on his words and fill that tank as we consider improvements in four key areas.

The first area I attempt to make improvements in is the area of contract bundling. Although contract bundling may have started out as a good idea, it has now become the prime example of the old saying that too much of a good thing can be very, very bad. The proliferation of bundled contracts coupled with the decimation of contracting professionals within the government threatens to kill small businesses' ability to compete for federal contracts.

This bill looks to address those issues by ensuring: (1) accountability of senior agency management for all incidents of bundling; (2) timely and accurate reporting of contract bundling information by all federal agencies; and (3) improved oversight of bundling regulation compliance by the Small Business Administration (SBA).

The bill also ensures that contract consolidation decisions made by a department or agency (other than the Defense Department and its agencies) provide small businesses with appropriate opportunities to participate as prime contractors and subcontractors.

Another way that this bill attempts to tackle the issue of bundling is by creating a joint venture and teaming center at the SBA. This center will provide technical support to associations and businesses who are interested in bidding on larger contracts as part of small business teams or joint ventures. The bill will also ease regulations that serve as a disincentive for small businesses who want to enter into teaming relationships with one another.

The second area that this bill attempts to address is subcontracting. The Committee has heard from many businesses about the challenges that some small business subcontractors face when dealing with prime contractors. Business owners have related that the way subcontracting compliance is calculated creates opportunity for abuse. They also related that many small businesses will spend time, money and effort preparing bid proposals to be a part of a bid team and that once the contract is won they never heard from the prime contractor again. Many also complain about a lack of timely payments after they have completed work.

This bill attempts to deal with some of these issues by including provisions designed to prevent misrepresentations in subcontracting by prime contractors. To accomplish this, the bill: (1) provides guidelines and procedures for reviewing and evaluating subcontractor participation in prime contracts and (2) provides for speedier payments to small business subcontractors who have successfully completed work on behalf of the prime contractor.

The third area I intend to update is the acquisition process. This bill aims to increase the number of small business contracting opportunities by including additional provisions to reduce bundled contracts by reserving more contracts for small business concerns. The bill accomplishes this by: (1) authorizing small business set-asides in multiple-award,

multi-agency contracting vehicles; (2) directing the Office of Federal Procurement Policy to issue guidelines to analyze the use of government credit cards for the purpose of meeting small business goals; and (3) requiring that agencies include meeting small business contracting goals in the performance evaluation of contracting and program personnel.

The last area that I tackle in this legislation is small business size and status integrity. The Committee has heard from a number of small businesses about large businesses parading as small businesses. It is imperative that small business contracts go to small businesses. Small businesses may be losing billions of dollars in opportunities because of size standard loopholes.

This bill attempts to address these issues by making additions to the Small Business Act that are designed to strengthen the government's ability to enforce the size and status standards for small business certification. To achieve this, the new section: (1) establishes a presumption of loss to the federal government whenever a large business performs a small business contract; (2) requires that small businesses annually certify their size status; (3) requires the development of training programs for small business size standards; (4) requires a detailed review of the size standards for small businesses by the SBA within one year; and (5) directs GAO to study the effectiveness of the mentor-protégé program.

It is well past time to provide greater opportunities for the thousands of small business owners who wish to do business with the federal government. I believe that this legislation is a good step toward opening those doors of opportunity. I hope all of my colleagues will join Senator Snowe and I in supporting this bill. I look forward to working with them as we work to move this legislation forward.

I ask unanimous consent that the text of the legislation be printed in the record.