

THE SMALL BUSINESS ADVOCATE

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New Procurement Initiative Unveiled

On June 2, in conjunction with the national celebration of Small Business Week, Vice President Al Gore and SBA Administrator Aida Alvarez announced the U.S. Small Business Administration's new pilot procurement program, the Procurement Marketing and Access Network, or PRO-Net. PRO-Net will help federal contractors effectively search for small businesses and companies whose services are in demand as well as provide another outlet for small businesses to market themselves.

"As the federal government modernizes the way it does business," stated Administrator Alvarez, "PRO-Net will give small firms a new and efficient way to market their capabilities."

PRO-Net is a virtual one-stop procurement shop for government contracting, and will be used free of charge by federal and state agencies and prime and other contractors to find small business contractors, subcontractors, and partnership opportunities with small businesses. During the pilot phase, the PRO-Net service also will be provided free of charge to all participating small businesses.

The PRO-Net system currently contains electronic profiles of almost 6,500 small businesses, including 8(a) certified firms in the SBA's data base and all women-owned firms in the state of Maryland. These electronic profiles include a synopsis of the company's

Continued on page 3

SBA, DOL, and IRS Pool Efforts to Promote Pension Plans

On June 2, in his address to the hundreds of participants of Small Business Week 1997, Vice President Al Gore encouraged small business employers to start employee pension plans. In his speech, which officially kicked off the national celebration of Small Business Week, the vice president said the Administration had responded to the small business community's desire for simpler rules and better information concerning establishing employee pension programs.

"Two years ago, at the White House Conference on Small Business," said Gore, "President Clinton announced a proposal to simplify pension regulations and make it easier for small businesses to

offer retirement plans. Last summer, he signed these reforms into law. These new small business 401(k)s have cleared the way for thousands of small businesses to begin offering pension plans. And today, I am pleased to announce the next step — a national education campaign to help small businesses to provide pensions to their employees."

The education campaign — a joint effort of the U.S. Small Business Administration, the Department of Labor, and the Department of the Treasury — promotes a five-step information plan, and three new, free publications that provide information about retirement plan

Continued on page 4

Chief Counsel's "In Box"

Q: *I am writing about a very important issue for our North Carolina trucking company and thousands of other small businesses — the EPA's proposed new clean air standards for ozone and fine particles.*

The proposed fine particle proposal is premature since we do not know how large a problem fine particle pollution is here in North Carolina without much more air quality data from new monitors. Why should we enact a new standard and spend millions of dollars when we are not even sure if that standard is the right standard and will really protect our health and the environment?

Furthermore, the proposed new ozone standard seems to be more of a policy issue than one based on supporting science. EPA scientists disagree among each other, and EPA's own numbers show more costs than benefits.

We know the Clean Air Act and the present-day standards are working. Over the 1990–1996 time frame, for example, in Raleigh-Durham there were 100 percent fewer "dirty air days," and in Charlotte-Gastonia and Rock Hill there were 86 percent fewer days.

The trucking industry has supported many clean air measures over the years that were good for the environment and good for business. These were based on a proven need. Unfortunately, we do not have that kind of proof here. I strongly urge you to stop the EPA's regulations for the good of our company and all companies in North Carolina.

A: The problems your company could potentially face with the proposed revised National Ambient Air Quality Standards (NAAQS) for ozone and particulate matter are similar to ones faced by small businesses all over the country. The Office of Advocacy shares your view that the revised standards could

This month:

New EPA standards on ozone present problems for small businesses.



have a significant adverse impact on a substantial number of small businesses.

In a letter to EPA Administrator Carol Browner, I expressed the Office of Advocacy's concern and disagreement with the EPA about the proposed NAAQS. Specifically, Advocacy disagrees with the EPA's assessment that the Regulatory Flexibility Act (RFA) and the Small Business Regulatory Enforcement Fairness Act (SBREFA) do not come into play here. The EPA contends that it does not have to conduct a regulatory flexibility analysis of the proposed regulations because the proposals do not mean direct regulation of small businesses by the EPA. According to the EPA, small business compliance with the revised and more stringent standard would be the result of additional federal and state regulatory actions.

It is Advocacy's view that the EPA is the regulatory agency in ozone rulemaking, that it has the jurisdiction to impose controls on and regulate the small businesses that would be the subject of the regula-

tory flexibility analysis, and that as a result of the revised NAAQS, the EPA acquires additional regulatory authority over small businesses. The EPA has the authority to demand (and under any new ozone ambient standard program, it most likely will demand) that states regulate small businesses in their state ozone control plans. These state ozone control plans must be EPA-approved before becoming part of federal law.

Additionally, the clear words of the RFA indicate that agencies can only avoid the RFA requirements if there is no significant economic impact on small entities. The EPA's own economic analysis suggests large economic impacts that will unquestionably fall on tens of thousands of small firms.

The Office of Advocacy has strongly urged the EPA to undertake additional analysis to conform with the requirements of the RFA, to convene a small business advocacy review panel as required by the new SBREFA, and to reconsider the stringency of its proposal.

(The chief counsel's letter to the EPA can be found on the Office of Advocacy's Web site at <http://www.sba.gov/ADVO/laws/comments/epa11-18.html>.)

Do You Have a Question?

Do you have a question for the Chief Counsel? Address letters to: "In Box," Chief Counsel for Advocacy, U.S. Small Business Administration, Mail Code 3114, 409 Third St., S.W., Washington, DC 20416.

For immediate access, call SBA On-Line at 1-800-697-4636 (9600 baud); in Washington, D.C., call (202) 401-9600.

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Editor Sarah Fleming

Managing Editor John Ward

Production Assistants Darlene Mahmoud, Kathy Mitcham

Interns Ben Sunoo, Jessica Lipton

Acting Director, Office of Information
Kathryn Tobias

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<http://www.sbaonline.sba.gov/>

Congress

House, Senate Consider Tax Bills

Several tax bills were presented for House and Senate vote at the end of June. Many of the bills contain the concepts embodied in the tax action plan that resulted from the 1995 White House Conference on Small Business (WHCSB). Representing the 2,000 WHCSB delegates, and in contact with thousands of small business owners through meetings as well as the electronic superhighway, the regional tax issue chairs developed the plan.

Among the concepts fostered: clarification of the independent contractor definition; 100 percent health care deduction for the self employed; restoration of a realistic standard for defining "principal place of business" with regard to home-based business deductions; estate tax reform; and targeted capital gains tax reductions for long-

term investments in qualifying small businesses.

"We are very hopeful," said Regional Tax Issue Chair Edith Quick, "that the Congress will pass legislation that reflects sound public policy and fundamental fairness."

The results of the Congressional vote will be covered in the next issue of *The Small Business Advocate*. The tax action plan may be viewed on the Internet at the WHCSB home page, located at <http://www.whcsb.org>.

Pro-Net, from page 1

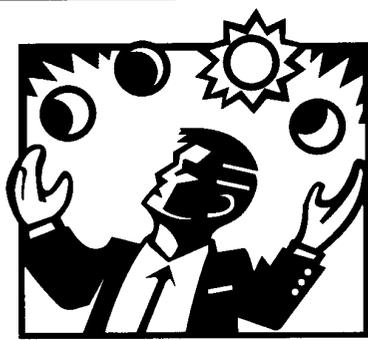
history, products, services, and other information important to potential contracting entities. Participating companies can update their profiles with information about new products, announcements of contracts won, and other current advice to attract the attention of potential customers. Businesses will be able to receive and ask procurement opportunity questions electronically. Additionally, businesses with home pages can link their Web site to their PRO-Net profile, creating an even more powerful marketing tool.

As an electronic gateway, the system provides access and is linked to the *Commerce Business Daily*, agency home pages, and other sources of procurement opportunities. "PRO-Net is a truly exciting step forward," said Administrator Alvarez, "because it can give

under-utilized businesses a better chance to compete for procurement contracts."

How to Connect to PRO-Net

To learn more about PRO-Net, view the SBA's home page at <http://www.sba.gov>. Then click on PRO-Net and see it in action. Technical questions should be directed to Ollie Snyder via e-mail at oliver.snyder@sba.gov. For specific questions concerning 8(a) status, contact Bob Marchand via e-mail at robert.marchand@sba.gov.



Juggling Your Small Business Priorities?

Let SCORE Help!

Free, confidential counseling from professional members of SCORE, a nonprofit association dedicated to mentoring and training small business entrepreneurs. Whether you want to start a business, or need a hand with your existing enterprise, SCORE's free small business counseling can help. Founded in 1964, SCORE has assisted more than 3.5 million entrepreneurs. Call for your nearest chapter today!

1.800.634.0245

QUESTIONS?



ANSWERS:

1-800-827-5722

The Small Business Answer Desk

Pensions, from page 1

options, SIMPLE plans, and the establishment of IRAs for employees.

According to Secretary of Labor Alexis M. Herman, there are more than 5 million firms with fewer than 100 workers, but only slightly more than 1 million of these small firms offer pension plans to their employees. "We not only want to educate employers on the importance of offering a retirement savings plan," said Herman, "but we also want to show them that providing these plans can be easier than many business people think."

SBA Administrator Aida Alvarez asserted that most small businesses want very much to offer retirement benefits in order to attract and retain top-quality employees. "New, simpler retirement plans are available," said Alvarez, "and the SBA will continue working with the Labor Department to let entrepreneurs know how best to accomplish this important goal."

Five Steps to Pension Benefits

Some steps small employers can take to offer pension benefits to their employees.

- 1. Learn about retirement plan options for small businesses.** Call the Pension and Welfare Benefits Administration's (PWBA) Publication Hotline at 1-800-998-7542 to obtain brochures at no cost.
- 2. Establish a plan.** Consider one of the simpler retirement savings plans such as SIMPLE or SEP.
- 3. Encourage participation.** For plans with employee contributions, encourage employees to participate and to contribute the maximum amount allowed.
- 4. Make contributions for employees,** or, where appropriate, match employee contributions.
- 5. Educate employees** about retirement planning and their investment options.

How to Obtain the Pension Booklets

Three booklets on pension plans for small business are available from the U.S. Department of Labor at no charge:

- *Simple Retirement Solutions for Small Business* provides an overview of the retirement options available to small business employers;
- *Savings Incentive Match Plans for Employees of Small Employers* details savings plans that allow employees to contribute a percentage of their salary each paycheck and permit their employers to match their contributions;

• *Simplified Employee Pension Plans: What Small Businesses Need to Know* discusses how employers can establish a simplified retirement plan that uses IRAs to hold contributions by using a model agreement developed by the Internal Revenue Service.

The publications may be obtained by calling the Pension and Welfare Benefits Administration's publication hotline at 1-800-998-7542; or look under "What's New" at PWBA's Web site at <http://www.dol.gov/dol/pwba/welcome.html>.

Economic Outlook

Small Business Income Grew in 1996

Small business income grew by 5.0 percent in 1996, according to figures released by the U.S. Department of Commerce.

According to recently released data from the Commerce Department's Bureau of Economic Analysis, small business income, as proxied by non-farm proprietors' income, totaled \$471.9 billion in 1996, an increase of 5.0 percent over the previous year. For the same period, wage-and-salary income rose 5.8 percent. This is a reversal of the pattern seen during the past several years where percentage increases in proprietorship income generally exceeded those in wage-and-salary income. Both increases represent real increases, as the price level measured by the Consumer Price Index rose only 3.0 percent in 1996.

Regarding the changes in non-farm proprietors' income from 1995 to 1996, Nevada led all states (including the District of Columbia) with a 10.5-percent increase. Hawaii's decline of 0.7 percent was the only decrease reported, and the only change to be below the Consumer Price Index. Forty-five states and the District of Columbia had increases of between 3.0 and 7.0 percent. Much of the high growth was concentrated in the West, with the top five states Nevada, North Dakota, South Dakota, Utah, and Oregon. These states were also among the top 10 states for non-farm proprietors' income growth for the period 1994 to 1995.

The national average non-farm proprietors' income rose from \$25,329 in 1995 to \$25,818 in 1996, an increase of 1.9 percent. These figures are derived from the Internal Revenue Service's estimate of a 3.0-percent increase in the number of sole proprietorships and partnerships from 1995 to 1996. The low average non-farm proprietors' income increase may

**Good news:
the income of
proprietors showed
healthy gains in
nearly every state
in 1996.**

be indicative of the large increase in the number of new sole proprietorships and partnerships, as these firms often begin with low revenues.

The term "non-farm proprietors' income" represents income from entities with a tax classification of sole proprietorship or partnership. It is used as an approximation of small business income. Non-farm sole proprietorships and partnerships represent about 85 percent of small businesses but only 20 percent of small business earnings.

(The remaining 15 percent of small businesses are corporations with wage-and-salary workers. Corporation data cannot be disaggregated by business size on a timely basis.)

For More Information

The state table showing changes in non-farm proprietors' income from 1995 to 1996 is included in the latest edition of *Small Business Economic Indicators*, which is available for purchase from the National Technical Information Service (NTIS). To obtain a copy, contact NTIS at (703) 487-4650, TDD (703) 487-4639. Ask for item no. PB97-189740.

The *Economic Indicators* are also available on the Office of Advocacy's Web site at <http://www.sba.gov/ADVO/stats>.

Another Year of Growth

Non-farm proprietors' income, 1990-1996 (billions of 1996 dollars)



Source: U.S. Department of Commerce, Bureau of Economic Analysis.

States with the largest percent increases in proprietors' income, 1995-1996

| | |
|--------------|---------|
| Nevada | + 10.5% |
| North Dakota | + 8.6% |
| South Dakota | + 7.4% |
| Utah | + 7.3% |
| Oregon | + 7.1% |
| Minnesota | + 7.0% |
| Georgia | + 6.8% |

Special Feature: Small Business Week 1997

Small Business Owners Honored During Small Business Week Celebrations

by Ben Sunoo

Each year since 1963, the President of the United States has designated a week as National Small Business Week in recognition of the small business community's contributions to the American economy and society. In partnership with public- and private-sector small business supporters, the U.S. Small Business Administration sponsors special activities honoring the nation's entrepreneurs at the local, state, and national levels.

In the nation's capital, the 1997 celebration, held June 1 – 7, placed the spotlight on the nation's finest examples of small business persons, advocates, exporters, young entrepreneurs, and those who have developed their small businesses into large ones. Small Business Person of the Year winners from across the nation were recognized for their entrepreneurial excellence, achievements, and contributions to their respective communities. (A complete list of Small Business Person of the

With its owner named Small Business Person of the Year, a Washington state company enjoys a "brush" with destiny.

Year award winners appears on pages 8 and 9).

Perhaps the most eagerly awaited event of Small Business Week is the announcement of the National Small Business Person of the Year. The 1997 national winner, announced by Vice President Al Gore during awards ceremonies in the Old Executive Office Building, was David Giuliani, president and CEO of Optiva Corp., of Bellevue, Wash.

Optiva recently produced its millionth "Sonicare" toothbrush — a toothbrush powered by sound

waves. The firm started in 1988 as a technology transfer from the University of Washington. It grew, aided by a \$550,000 grant from the National Institutes of Health through the SBA-administered Small Business Innovation and Research (SBIR) program.

The company, which now employs 250 people, has progressed from \$400,000 in revenues in 1991 to more than \$50 million in sales in 1995. In October 1996, *Inc.* magazine recognized Optiva as the second fastest growing private company in the country.

The first and second runners-up were Georgia Berner, president of Berner International, New Castle, Penna., and J. Marvin Hess, president and CEO of Hess Pumice Products, Inc., Malad City, Idaho, respectively.

Ben Sunoo is a summer intern in the Office of Advocacy.



SBA Administrator Aida Alvarez (R) tries on one of the creations of Tyler J. Conrad (L), winner of the Young Entrepreneur of the Year award. (Photo © Cable Risdon)

Nominate a Small Business Person for 1998

Interested in nominating someone to be Small Business Person of the Year in your state? Contact your local SBA office after mid-August to obtain a copy of the guidelines for nominating a candidate for the 1998 awards. Applications for the awards must be received by SBA district offices no later than Monday, November 3.

To locate the SBA office nearest you, look in the government listings of the telephone book or call the Small Business Answer Desk at 1-800-827-5722.

Close Up: Milton D. Stewart

The SBA's Office of Advocacy presented its first ever Lifetime Small Business Advocacy Award to the Hon. Milton D. Stewart. Chief Counsel for Advocacy Jere W. Glover presented the award to Stewart on June 3 in Washington, D.C., during the national celebration of Small Business Week.

Stewart was the first presidentially appointed chief counsel for advocacy at the SBA — holding that position from 1978 to 1981. He has a history of involvement with small business issues that extends back over 50 years. Stewart has been called the “father of small business advocacy” for his work as a businessman, attorney, Capitol Hill staffer, business journalist, educator, and researcher, and is currently president of the Small Business High Technology Institute of Phoenix, Ariz.



SBA Deputy Administrator Ginger Lew (L) and SBA Chief Counsel for Advocacy Jere W. Glover (R) present Milton D. Stewart with a Lifetime Small Business Advocacy Award during Small Business Week 1997. (Photo © Cable Risdon)

Advocacy, Special Awards Presented

On June 3, the Advocate of the Year and Special Award winners were honored at a luncheon on Capitol Hill. SBA Administrator Aida Alvarez congratulated the honorees and expressed gratitude to the Advocate winners for their commitment and dedication to helping small businesses succeed.

Also on hand to extend congratulations were Senate Ranking Minority Member of the Small Business Committee, John Kerry (D-Mass.), and House Chairman of the Small Business Committee James Talent (R-Mo.).

Chief Counsel for Advocacy Jere W. Glover presented the prestigious awards to: Accountant Advocate Fern H. Shubert, Marshville, N.C.; Financial Services Advocate Janice L. Campbell, Norwest Bank Colorado, Denver, Colo.; Media Advocate Thomas G. Thoms, *Dayton Business Reporter*, Dayton, Ohio; Minority Advocate William H. McCullough, McHenry Associates, Charlotte, N.C.; Veteran Advocate Andrew A. Hernandez, Arid Con-

struction Technologies, San Bernardino, Calif.; Women in Business Advocate Sally A. Slacke, Slacke

“Influencing others to be small business advocates is the biggest achievement of my life. If you want to spend a lifetime guaranteeing liberty, see what you can do for small business.”

— Hon. Milton D. Stewart,
Lifetime Advocacy Award Winner

Test Boring, Inc., Kings Park, N.Y.; Small Business Exporter of the Year James R. Darte, Royce Instrument Corp., New Orleans, La.; Young Entrepreneur of the Year Tyler J. Conrad, Minnesota Mitt

and Sota, Minneapolis, Minn.; and Entrepreneurial Success Award Winner Constantine S. Macricostas, Photronics, Inc., Brookfield, Conn.

In addition to these award categories, the Office of Advocacy presented Legal Advocate of the Year awards to Ira S. Nordlicht, Esq., Nordlicht and Hand, New York, N.Y., and Prof. Helen S. Scott, New York University, New York, N.Y., for their generous service in developing the model legal agreement for the new Angel Capital Electronic Network (ACE-Net). Also, a Special Advocacy Award was presented to Betty Jo Toccoli, president of the California Small Business Association, Los Angeles, Calif., for her work on behalf of small business in policy initiatives concerning universal telephone service and electric utility deregulation. And the first ever Lifetime Small Business Advocacy Award was presented to Milton D. Stewart (see accompanying story, above).

1997 State Small Business Persons of the Year

| | | | |
|----------------------|---|---|-----------------|
| Alabama | Mr. William W. Carter | Carter Brothers Manufacturing Co. | Brundidge |
| Alaska | Ms. Suzanne Linford | Linford of Alaska | Anchorage |
| Arizona | Ms. Rhonda G. McKenzie | McKenzie Telecommunications Group, Inc. (d/b/a MTG, Inc.) | Scottsdale |
| Arkansas | Mr. Greg Garrison | Mr. Speedy Car Care and Wash | Hot Springs |
| California | Mr. Joe W. Dannis | DawnSign Press | San Diego |
| Colorado | Mr. Howard J. Harris | Eagle Direct | Denver |
| Connecticut | Mr. Michael J. Patrikios | American Technology, Inc. | Shelton |
| Delaware | Ms. Patricia D. Creedon | Creedon Controls, Inc. | Wilmington |
| District of Columbia | Ms. Deryl K. McKissack | McKissack and McKissack | Washington |
| Florida | Mr. Eduardo Barea | Ibiley School Uniforms, Inc. | Miami |
| Georgia | Mr. Timothy G. Mansour | Fitness International, Inc. | Snellville |
| Guam | Mr. George Maeris | Harmon Doctors' Clinic | Harmon |
| Hawaii | Mr. Jon Marshall de Mello | The Mountain Apple Company, Inc. | Honolulu |
| Idaho | Mr. J. Marvin Hess | Hess Pumice Products, Inc. | Malad City |
| Illinois | Ms. Lauren R. Leifer | Industrial Audio/Film Services, Inc. (d/b/a Compdisk) | Morton Grove |
| Indiana | Mr. Charles W. McGill | Machine Tool Specialists, Inc. | Valparaiso |
| Iowa | Mr. Richard O. Litt | Genesis Systems Group | Davenport |
| Kansas | Mr. John Seidel | AG&W Environmental Engineering Co., L.P. | Kingman |
| Kentucky | Mr. Robert T. Clopton | Tekno, Inc. | Cave City |
| Louisiana | Mr. Dennis M. Etheredge | Etheredge Electric Co., Inc. | Shreveport |
| Maine | Mr. Mark B. Mason | Bath-Brunswick Veterinary Associates | Brunswick |
| Maryland | Mr. Jamie Clark | Clark Internet Services, Inc. | Columbia |
| Massachusetts | Mr. Andrew Wilson | | |
| | Mr. Manuel Rogers | Boston Duck Tours | Cambridge |
| Michigan | Mr. Robert Floeter | Wright-K Technology, Inc. | Saginaw |
| Minnesota | Ms. Jeanne M. Voigt | J. M. Voigt, Inc. (d/b/a MindWare) | Roseville |
| Mississippi | Mr. Jack P. Harlan | Tri-State Pole and Piling, Inc. | Lucedale |
| Missouri | Ms. Marilyn A. Moore | TeamRehab, Inc. (d/b/a Moore Rehabilitation Services) | Clayton |
| Montana | Mr. Dean Folkvord | Wheat Montana Farms, Inc. | Three Forks |
| Nebraska | Mr. Virgil L. Kardell Mrs. Jan Kardell Mr. Robert Stuberg Mrs. Carolee Stuberg | | |
| | Mr. Lawrence T. Wong | Restful Knights, Inc. | Wayne |
| Nevada | Mr. Lawrence T. Wong | Arcata Associates, Inc. | North Las Vegas |
| New Hampshire | Mr. John "Jay" Brooks | Poly Vac, Inc. | Manchester |
| New Jersey | Ms. Deborah A. Proctor | Acorn Food Services, Inc. | Florham Park |
| New Mexico | Mr. Andrew Christensen Mrs. Mary Jean Christensen | | |
| | Mr. Peter E. Phame | Elite Laundry Company | Gallup |
| New York | Mr. Peter E. Phame | Dynamic Decisions, Inc. | New York |
| North Carolina | Ms. Laurey C. Masterton | Laurey's Catering, Inc. | Asheville |
| North Dakota | Mr. James Karley | Johnstown Bean Company | Johnstown |
| Ohio | Mr. Mark D. Swebston | Atlas Butler Heating and Cooling | Columbus |
| Oklahoma | Ms. Julie A. Chapman Mr. James D. Chapman | | |
| | Mr. Eric W. Paulson | ExecuTrain of Oklahoma City | Oklahoma City |
| Oregon | Mr. Eric W. Paulson | Lektro, Inc. | Warrenton |
| Pennsylvania | Ms. Georgia Berner | Berner International Corp. | New Castle |
| Puerto Rico | Mr. Antonio Cruz Domenech | Diversified Petroleum Industries, Inc. | San Juan |
| Rhode Island | Mr. Walter F. McLaughlin | McLaughlin Automotive Stores | Providence |
| South Carolina | Mr. Jimmy O. Bayne | Bayne Machine Works, Inc. | Simpsonville |
| South Dakota | Mr. Richard A. Cone Mrs. Janet K. Cone | | |
| | Mr. Robert M. Pap | Cone Ag-Service, Inc. | Pierre |
| Tennessee | Mr. Robert M. Pap | Accurate Automation Corporation | Chattanooga |

News Briefs

SCORE Launches National Web Site, Counseling by E-Mail

The Service Corps of Retired Executives (SCORE) unveiled a new Web site June 11. Containing more than 150 pages of content, the comprehensive Web site offers entrepreneurs finger-tip access to in-depth small business assistance. The SCORE Web site, an invaluable resource for anyone thinking about starting a business or who already owns a small business, is located at <http://www.score.org> and is available 24 hours a day, seven days a week.

According to SCORE Executive Director Ken Yancey, Jr., "We are launching this Web site to fill a small business need by adding valuable content and improved access to business counseling to the Internet." Two of the Web site's features have been specifically designed with access to business counseling as a primary focus: the "Find SCORE" section helps entrepreneurs locate their nearest SCORE chapter so they can meet with a counselor for free and confidential counseling; the "Get E-mail Counseling" feature provides entrepreneurs with access to more than 100 counselors who are ready to answer business questions via an e-mail dialogue with entrepreneurs

A new Web site put together by SCORE offers entrepreneurs and would-be entrepreneurs a myriad of new counseling options.

based on a match between the entrepreneur's interests and the counselor's expertise.

SCORE President Fred Thomas said, "We have assembled a Web site that offers current information, demonstrates the success of entrepreneurs, and brings SCORE business counseling to cyberspace for e-mail exchanges. This unprecedented service removes barriers of time and place to expand SCORE's outreach to better serve America's entrepreneurs."

SCORE was formed in 1964 as a non-profit association dedicated to entrepreneur education and the formation, growth, and success of small business nationwide. SCORE counselors are located at SBA field offices, business information cen-

ters, and some of the SBA's small business development centers. The 12,000-plus volunteers who offer their business expertise are working and retired small business owners and corporate executives. In addition to the free business counseling, SCORE provides about 4,000 workshops each year for nearly 100,000 entrepreneurs. Workshops are organized by local chapters, which charge a small fee for the training sessions.

How to Contact SCORE

If you are interested in obtaining counseling from SCORE, there are a couple of ways to contact the organization. SCORE operates a toll-free telephone service that can put you in touch with the nearest SCORE chapter: call 1-800-634-0245.

The latest way to contact SCORE is through their site on the World Wide Web. It can be accessed at <http://www.score.org>.

1997 State Small Business Persons of the Year — *continued*

| | | | |
|---------------|---------------------------|------------------------------|-------------|
| Texas | Mr. David Lang | Dralco, Inc. | Weatherford |
| Utah | Mr. Edward V. L. Kalbach | EK Ekcessories, Inc. | Logan |
| Vermont | Mrs. Judith W. Danforth | | |
| | Mr. Frederick C. Danforth | Danforth Pewterers | Middlebury |
| Virginia | Ms. Gail W. Johnson | Rainbow Station, Inc. | Richmond |
| Washington | Mr. David J. Giuliani | Optiva Corporation | Bellevue |
| West Virginia | Mr. Timothy M. Walroth | T-Shirt International, Inc. | Hurricane |
| Wisconsin | Mr. Joseph J. Brisk | StaffWorks Staffing Services | Milwaukee |
| Wyoming | Ms. Marjorie E. Mathiesen | WEDCO Manufacturing, Inc. | Jackson |

Research and Publications

New Study Looks at Federal Contract Bundling

The consolidation of federal contracts is increasing across the federal marketplace, and the trend is causing harm to the nation's small businesses, according to a report just released by the Office of Advocacy. The study — entitled *Bundled Contract Study FY 91 – FY 95* — was undertaken to determine the impact on small businesses of consolidating small, individual government purchases into larger, bundled contracts. Using data for fiscal years 1991 through 1995 supplied by the Federal Procurement Data Center, the study shows that fewer and larger contracts are being won by fewer and larger companies, and it appears that thousands of small businesses have been squeezed out of the federal marketplace as a result.

“In FY 1995 less money went to fewer contractors through fewer contract vehicles than in previous years,” said Chief Counsel for Advocacy Jere W. Glover. “Since the release of the data used in this study, the federal government has enacted significant procurement reforms encouraging contract consolidation, centralized administration, and long-term agreements with fewer vendors. These actions can only exacerbate the problems detailed in this study.”

The research found that between fiscal years 1991 and 1995:

- Government contract spending dropped 8.7 percent overall (from \$196.6 billion to \$179.4 billion).
- The number of individual businesses receiving contracts dropped 6.5 percent (from 78,800 to 74,400) and the number of contracts issued dropped 11 percent (from 193,000 to 171,000).
- The average value of a contract increased, suggesting a gradual consolidation of work among federal vendors, and a gradual increase in

Have recent changes in federal contracting worked to the detriment of small contractors? A new study attempts an answer.

the demand for larger companies to fulfill bigger requirements.

- The share of contracts designated “large” (those greater than or equal to \$100,000) increased steadily from 40 percent to 48 percent, a 20 percent increase over the five years included in the study.

The effect of the larger average contract size has been particularly dramatic for small businesses:

- In FY 1991, one of every three contracts awarded to a small business was large (greater than \$100,000); by FY 1995, the figure was one of every two contracts.
- In FY 1992, the combined small business share of the number of awarded contracts declined from 60.5 to 58.9 percent, while the dollar share rose from 16.5 to 17.8 percent. Gains in dollars going to small disadvantaged businesses (SDBs) masked losses in dollars awarded to other small businesses. For example, the small disadvantaged business market share increased from 3.5 to 5.9 percent while the market share for other small businesses declined from 12.9 to 11.9 percent.
- The average contract size for small disadvantaged businesses grew 17.6 percent (from \$415,000 to \$488,000); for other small businesses it grew 3.4 percent (from \$261,000 to \$270,000); and for larger businesses, the average con-

tract size grew 1.3 percent (from \$2.316 million to \$2.346 million).

“Since 1991, small businesses have seen the total dollars, market share, and number of contracts decline,” said Glover. “Small businesses are becoming increasingly dependent on fewer and larger contracts.”

While dollars in bundled contracts declined over the entire time period, in FY 1995 bundled contracts rose as a share of all contracts for the second year in a row.

An industry analysis that is also part of the research effort supports the overall findings that contract consolidation is squeezing out small businesses.

For more information on the study, contact James O'Connor, assistant policy advocate, procurement and contracts, Office of Advocacy, at (202) 205-6929, or via e-mail at james.oconnor@sba.gov.

How to Get the Report

Copies of *Bundled Contract Study FY 91 – FY 95* are available for purchase from the National Technical Information Service, 5285 Port Royal Road, Springfield, VA 22161; telephone (703) 487-4650, TDD (703) 487-4639. Ask for publication number PB97-180731. The cost is \$28 for a paper copy, \$14 for a microfiche copy, plus postage and handling. A research summary on the report is also available. To view it, go to the Office of Advocacy's Web site at <http://www.sba.gov/ADVO>.

State and Local News

Northern Great Plains

The Northern Great Plains Rural Development Commission was authorized by the 103rd Congress to evaluate the role the marketplace and government should play in determining the economic future of this region. It is the third such commission to be authorized since President Franklin D. Roosevelt established the first Great Plains Committee in 1936.

The five member states of the commission are Iowa, Minnesota, Nebraska, North Dakota, and South Dakota. Each state is represented by two commissioners, one appointed by the U.S. Secretary of Agriculture and one appointed by the governor.

A total of 70 recommendations resulted from the 1997 commission's work, of which 20 are designated priority recommendations for leading the economic development of the Northern Great Plains region into the 21st century. Several focus on enhancing the ability of the region's small businesses to grow and succeed and relate directly to the Office of Advocacy's ongoing access-to-capital projects, particularly:

- Replicating throughout the region a micro-enterprise loan and

community-based training program patterned after the Nebraska Micro-enterprise Partnership model; and

- Simplification and standardization by the states of their small equity placement filings.

Through these recommendations the commissioners express agreement with the Office of Advocacy that access to capital is among the top issues affecting the ability of small business to succeed. The recommendations also reflect Advocacy's belief that micro-capital (capital ranging from a few hundred dollars to \$25,000) and growth and development capital (that is, patient capital in the \$250,000 to \$1.5 million range) are the most difficult for small businesses to raise.

The commission is in the process of developing proposals to facilitate discussion among state and local officials and small business resource partners of ways to achieve the objective of these recommendations. Planning is in the preliminary stages and interested parties are encouraged to add their names to the mailing list by contacting Jerry Nagel at (218) 281-8450 or by fax at (218) 281-8050.

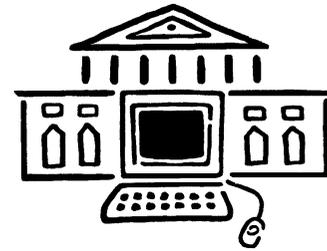
Washington

The state's Community Economic Revitalization Board (CERB) will meet in July regarding funding needs for public infrastructure projects. CERB is a state economic development resource strategically focused to help business and industry create and retain jobs in partnership with local communities.

CERB's rural natural resources impact area program helps regions dependent upon the timber and commercial salmon harvesting industries recover from economic downturns and is part of the omnibus timber bills passed during the 1991, 1993, and 1995 legislative

sessions. Projects funded under CERB's rural natural resources program must demonstrate a potential for long-term economic benefit to the community, be consistent with the community's economic diversification strategy and goals, and demonstrate community support. A local match is required. Interested businesses should contact Kate Engle for more information, at (360) 586-0657; communities with potential projects are encouraged to contact CERB staff at (360) 586-0657 or through e-mail at KateE@cted.wa.gov.

The One-Stop Electronic Link to Government for Business:



U.S. BUSINESS ADVISOR

Over 60 different federal agencies exist to assist or regulate business. With this many sources of information, finding what you want can be complicated and time consuming.

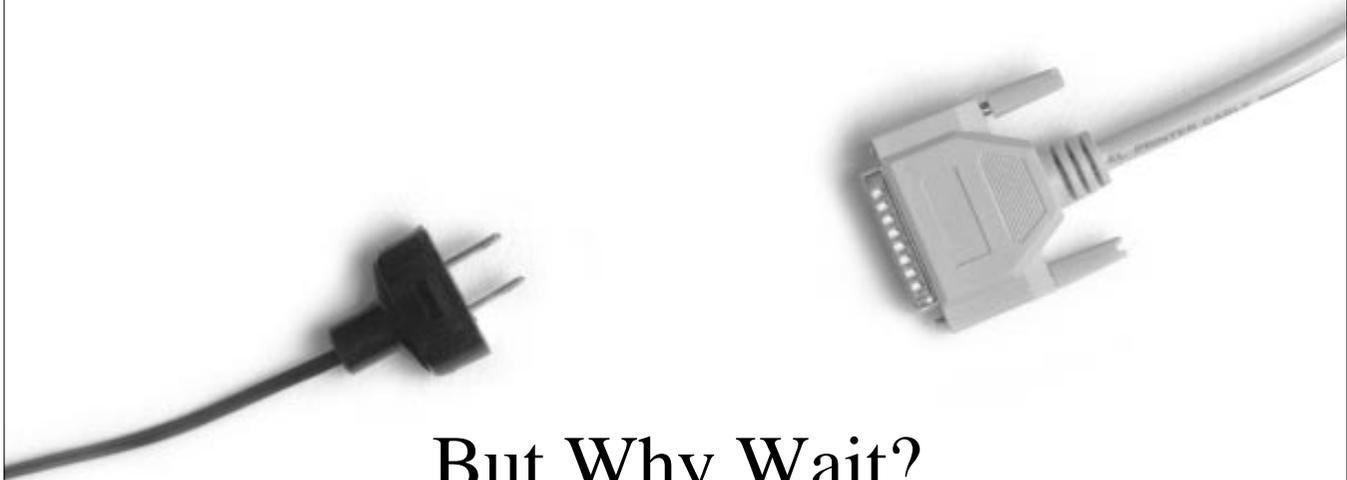
To help you deal with this, federal agencies have worked together to build the **U.S. Business Advisor**, the one-stop electronic link on the Internet's World Wide Web.

Look for the Advisor at <http://www.business.gov>



The U.S. Business Advisor is a project of federal agencies in coordination with the U.S. Small Business Administration and the National Performance Review.

In a Couple of Years, Small Businesses and Investors Will Plug into 21st Century Technology



But Why Wait?

The Angel Capital Electronic Network — or “ACE-Net” — is the Internet-based resource that gives new options to small companies and investors looking for promising opportunities. Look for it on the World Wide Web at <https://ace-net.sr.unh.edu>

ACE-Net

An initiative of the U.S. Small Business Administration's Office of Advocacy

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