Remarks Prepared for Delivery

The Honorable Jovita Carranza
Deputy Administrator
U.S. Small Business Administration

Delivered At The

HUBZONE CONTRACTORS NATIONAL COUNCIL

Washington, D.C.

Thursday, September 11, 2008
12:00 Noon

Introduction

Thank you, Ron, for that kind introduction.

Before I offer my remarks, I want to reassure everyone here today -- in the face of recent reports of mismanagement and fraud -- that Acting Administrator Sandy Baruah and I have our utmost confidence in the HUBZone program.

- We believe in the integrity of the HUBZone program;
- We are against fraud and abuse;
- And we **DO NOT** believe that a few bad actors necessarily make the entire program suspect.

We value greatly our partnership with the HUBZone Contractors National Council.

So I am delighted to be here to affirm the importance of small business, and discuss how the Small Business Administration is helping federal agencies reach their small business procurement goals.

SBA never gives up in its search for opportunities to increase small business procurement. Why? Because small business has an enormous impact on our country. Small businesses:

- Employ half of the private sector workforce and create more than two-thirds of net new jobs;
- Account for half of nonfarm GDP;
- Are major drivers of innovation;
- Account for about 30 percent of our exports;
- Are the underpinning for transformation in many of the underserved communities in our country; and
- Are paths to better lives for millions of Americans.

Because we believe in small business, we help small firms compete for federal contracts.

The more we help small business obtain federal contracts, the more we also help the taxpayer. Small firms are great suppliers of goods, materials, and services. They are flexible and nimble; they provide

good customer service; and they often offer greater value to the federal government than do large corporations.

But small firms can be hard to find, and many are daunted by the process of selling to the federal government. This is where SBA fits in.

We work with our partners in the federal government to reach the government-wide goal of awarding 23 percent of all federal contracts to small businesses.

And I am pleased to report that in 2007, our HUBZone companies obtained $8.5 billion in federal contracts, a $1.3 billion increase from the previous year.

Advancing the Cause

Our mission of promoting small businesses procurement is carried out in many ways, including my personal advocacy for small business.

A few weeks ago, I visited a HUBZone site in Maryland with Congressman Bartlett to discuss

trends in small business contracting and the ways small businesses fire up the economy.

And tomorrow, I am traveling to New York to visit two other HUBZone firms.

Last fall, I was in New Orleans to mark the opening of GSA's one-day-a-month small business sub-office, which provides one-on-one training to small businesses on procurement procedures.

And I was in New Orleans again earlier this year for the 2008 Katrina Economic Development Summit, an annual conference that last year resulted in $400 million in federal contracts.

But my travel and site visits are only one part of what we do to promoting small business procurement. We also educating our sister federal agencies about the promise of small business and why they should out to small firms.

We work especially close with GSA.

We've trained GSA staff on the government contracting side of HUBZone and our 8(a) Business Development programs.

We sponsored a Small Business Acquisition Learning Seminar at GSA, where our staff trained federal contract specialists.

We work with GSA to provide contract opportunities in an expedited fashion to small businesses as soon as they are certified as 8(a), HUBZone, or SDVOB firms.

Earlier this year, we participated in GSA's Industry Partnership Day.

And we held "matchmaking" events with GSA – one in San Antonio, which brought together 118 sellers and 92 buyers -- and the other in Sacramento. All told, these events were attended by 430 buyers and sellers.

Improving Our Contracting Program

Yet the most important measures to promote small business procurement are those reforms that make our contracting program more responsive to and supportive of federal agencies and small businesses.

Based on our analysis of fiscal-year 2008 agency scorecards, we plan to develop interagency agreements to expand agency-specific "best-practices" to the entire federal government.

Another "improvement" relates to the quality and integrity of small business data entered into the government's contracting information system.

We worked with the Office of Federal Procurement Policy, GSA, and federal agencies to address miscodings and other anomalies that were causing contracts with larger companies to be incorrectly counted toward the federal government's small business procurement goal.

More than 11 million contract actions were reviewed in order to correct miscoded contracts.
By scrubbing the data, we removed $4.6 billion in miscoded contracting actions.

So last year we published regulations requiring small businesses to periodically recertify themselves.

These regulations make it effectively impossible for agencies to claim credit against small business goals for contracts that were originally awarded to small businesses but no longer qualify as small.

Taken together, these reforms will yield significant improvements in the quality of contracting data.

Assisting Small Businesses

Finally, let me mention what are doing to provide direct support to the small business side of the ledger:

- We improved our turn-around time on 8(a) applications to 90 days. We added a new online assessment tool that helps companies determine if they're eligible for the program before they apply.
- We have simplified compliance reviews.
- And we retrained our entire field network and national staff of contracting analysts – our PCRs.

Agencies benefit from these training changes. We reoriented our PCRs to work more intensively with

federal procuring offices to help agencies meet their contracting goals.

It gives them the capacity to focus more on reviewing contract bundling.

We've also authorized more PCRs – an increase of up to 66 nationwide for 2008 [from 61 in 2007].

To increase support through improved technology, we implemented an enhancement to the CCR Dynamic Small Business Search called Quick Market Search. It features a reverse-lookup function that allows all procurement officials to conduct market searches quickly and to find 8(a), HUBZone, and other targeted businesses that can have federal contracts. It's available through a link from ccr.gov.

Conclusion

I'm very proud of the work that we do at SBA. And you have my assurances that we take very seriously the task of helping our partners in the federal government buy from small businesses.

All the improvements that I've identified will help federal agencies recognize genuine opportunities for small businesses . . . and they will help the agencies meet their small business goals.

And as federal agencies make more opportunities available to small businesses, their procurement dollars end up helping to invigorating American entrepreneurship. This way, federal contracting serves not simply the interests of small business owners, but also those of the economy at large.

Thank you.