



Remarks Prepared For Delivery

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Thank you for the very kind introduction, and for the invitation to speak with you today. It's wonderful to see such a strong crowd, and I'm thankful to Debbie Ridgley of the Department of Health and Human Services for the invitation to speak. I also want to thank all the other OSDBUs and their offices for all the work they do for small businesses.

As you may know, I have been with the SBA for a little over 15 months. I took the opportunity to become Deputy Administrator because I believe that serving small businesses is a worthwhile and important cause, and at the Small Business Administration, one of our primary objectives is to help small businesses succeed within the challenges and complexity of the modern economy. In economic times like these, it's important that we focus on developing our small businesses as much as possible, as they are the engines of our economy.

Small businesses:

- Employ half of the private sector workforce and create more than two-thirds of net new jobs.
- Account for half of the non-farm 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, of course, small business ownership is the path to a better life for millions of Americans.

At SBA, we work to maximize federal contracting opportunities for small businesses. This is good for small businesses, but it's also good for the taxpayer. Small firms are often great partners for the federal government. They are flexible, they provide good customer service, and often, they are cheaper. But they can be harder to find, and in many cases small firms are daunted by the process of selling to the federal government. Many small businesses simply take themselves out of the game of federal contracting before it even starts. This is where SBA can help.

The SBA serves several purposes for small business contracting:

- We reach out to small businesses, and provide business development and education opportunities for small businesses as well as financing and surety bond guarantees
- We work with our federal partners to try and reach government-wide goals
- And we provide certification for certain socio-economic programs.

As you know, the federal government has a goal of awarding 23 percent of federal contracts to small businesses, and we work with our partners in the federal government to reach this goal. The federal government missed this goal by 0.2 percent in Fiscal 2006, the most recent "official" data that we

have. Even so, small businesses still received almost \$78 billion in prime federal contracts, and almost \$61 billion in subcontracts.

In the five targeted sub-categories for small business procurement, the federal government made substantial progress in Fiscal 2006.

- Contracting obligations to women-owned small businesses increased by \$1.5 billion – slightly more than 10 percent over 2005.
- Small disadvantaged businesses—the businesses that this group works to assist--received \$2 billion more in federal contracts;
- 8(a) firms received nearly \$1 billion more;
- HUBZone companies got \$1 billion more; and
- Service Disabled Veteran Owned small businesses also received \$1 billion more than in fiscal 2005.

Those of you here today from the federal government who are doing this good work, and those of you who are the business owners that are benefiting from these efforts--you are the individuals that are making progress in all of these areas and driving the role of small businesses in our economy. And I am here today to speak with you about the things that we at SBA are doing to make your jobs easier. I'd like to highlight a few examples for you today.

First, we do training and outreach events, including a couple of sessions today at the expo on doing business with the government.

I also chair monthly meeting on the Procurement Advisory Council, where the SBA hosts the small business office directors from the other federal agencies. That is going really well and we are making progress on a monthly basis. We're also currently working with several agencies to develop partnerships, such as the Department of Defense, the VA, and the Nuclear Regulatory Commission.

Second, in addition to training and matchmaking events we are hosting or participating in with our federal partners, we're also focused on making changes to our contracting program. These changes are absolutely necessary, for a variety of reasons.

- They're necessary so we bring more transparency to the process. We use our scorecard to make sure that every agency is focusing on small business procurement and receiving the support that it needs from us.
- They're also necessary so we can improve our processes to be more responsive to our customers. We are streamlining processes and addressing concerns, so that the small businesses out there get the service and opportunities that they deserve.
- Finally, they're necessary so we can make it easier to do business through the use of technology. The more that we can use technology to promote small business contracting, the better off we will all be.

Another important element of our plan is to improve the quality and integrity of small business data entered into the government's contracting information system.

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

Over 11 million contract actions were reviewed in order to correct miscoded contracts. We saw cases where non-profits, state or local governments, and large companies were erroneously recorded as small businesses in the procurement database due to these miscodings. By scrubbing the data, we removed \$4.6 billion in miscoded contracting actions. This is an important step to ensure that small businesses can have increased opportunity to secure a larger share of the federal procurement money.

To further ensure the integrity of our data, we needed to address the issue of businesses that won contracts when they were small, but during the life of the contract, grew beyond small business, or were acquired by larger firms. These firms were still being recorded as small businesses, and were counting toward small business goals.

So last year we published regulations requiring businesses to periodically recertify as small businesses, if they were to be categorized that way. These regulations make it effectively impossible for agencies to claim credit against small business goals for contracts that were originally awarded to small businesses that are no longer held by such firms.

SBA is also currently undergoing a comprehensive Size Standard review where the Agency will review two to three sectors each quarter at the two-digit level NAICS code. We anticipate the entire review process will take 18 to 24 months. SBA plans to conduct two industry briefings to receive input from the public on the method of review. We will review those comments and incorporate them into the entire process.

Taken together, these requirements will yield major improvements in the quality of contracting data, including small business information. We are in this line of work because we believe in increased opportunities for small business.

The bottom line is that the small business pool is bigger because contracts held by large firms aren't being counted as small, and contracts that are no longer being misidentified as small business contracts if they aren't. By increasing the quality of the data and putting more pressure on the federal government to meet these goals, we're increasing opportunities for small

businesses, and we're creating more opportunities for all of us to serve small business in this country.

But cleaning up the data and clarifying the size requirements is only half of the battle. At the same time, it's also incumbent on the SBA to provide more support for federal agencies as they work to reach their goals.

Supporting small businesses and agencies is important, but our role is not simply to provide oversight from a distance. Our role is to roll up our sleeves and be an active participant in the process. Our role is to make sure that small businesses are as prepared as they can possibly be to work with federal to increase opportunities for small businesses.

There has been some criticism of our scorecard process. We have heard feedback from government agencies that you don't like the way that the Scorecard is reported. In an effort to fix this, in the newest iteration of the Scorecard, there will be a greater opportunity for agencies to provide explanation about their endeavors and their results. At SBA, we feel that the Scorecard provides a valuable service, that it opens new opportunities for improvement of our programs and advances on behalf of small businesses, and that it adds to the transparency and accountability of our efforts.

So we are setting forth a series of substantial improvements to our efforts that will all have one underlying theme: to better support federal agencies

in reaching the goals so that the scorecard becomes a report card of the federal government's success.

There are several ways in which we are working to create this situation.

- First, we have improved our turn-around time on 8(a) applications to 90 days.
- Second, we've added a new online assessment tool that helps companies determine if they're eligible for the program before they apply. By having a more focused applicant pool, we'll maximize the value of your time and not create situations where other agencies are doing our dirty work.
- Third, we have simplified compliance reviews.
- Fourth, we have retrained our entire field network and national staff of contracting analysts – our PCRs. In providing re-orientation, we will help our PCRs to work more intensely with federal procuring offices in order to help agencies meet their contracting goals, and will also provide other agencies capacity to focus more on reviewing contract bundling.
- A fifth important development is that we also authorized more PCRs – an increase of up to 66 nationwide for 2008, from 61 in 2007. These extra five representatives will be out there working to get small businesses federal contracts.

- A sixth advancement is that we've requested a change to the Federal Acquisition Regulations (FAR) that will implement a 2005 regulatory change we made addressing an agency's discretion when selecting a small business program for a set-aside contract. The proposed rule was published for public comment by the FAR Council on March 10th and closes on May 9th. The rule addresses "parity" between SBA programs. It will make clear that there is no order of precedence among the 8(a), HUBZone, or Service-Disabled Veteran Small Business Programs. For contracts exceeding \$100,000, the contracting officer must consider making award under the 8(a), HUBZone or SDVOSB Programs before the contracting officer proceeds with a small business set-aside. However, if the contracting officer's set-aside decision is narrowed to either a HUBZone or Small Business set-aside, in accordance with statute, the contracting officer must do a HUBZone set-aside.
- Finally, 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 perform Federal contracts. It's available through a link from ccr.gov.

In all, these improvements will help federal agencies identify genuine opportunities for small businesses -- and it will help the agencies meet their small business goals. We believe that, through diligent effort by SBA, we can make your jobs easier. And, for your small businesses, we'll get more money into your hands from federal contracts.

To conclude, I want to say that SBA is focused directly on the issues surrounding small business procurement. We are looking to create a situation in which there is a partnership between SBA, the other federal agencies, and the small businesses of this country, where we are working together with the goal of obtaining federal contracts for small businesses. We have a responsibility for oversight on small business contracting at SBA, and we also have a responsibility to do the best we can on behalf of the small business owners of this country. The more that we can all work together on these matters, the better off we will all be.

Federal procurement dollars are a vital way of invigorating entrepreneurship, and ensuring that federal agencies make more real contracting opportunities available to small businesses is an essential way the SBA works toward that goal. And this is in the interests not only of small business owners, but it's in our wider economic interests as well.

We have an economy that is adaptable and regenerates, and small businesses keep it this way. I'm very proud of the work that we do at SBA,

and we are going to continue to find ways to help our partners in the federal government contract with small businesses.

Thank you.