



Equity in Federal Procurement Literature Review

Memorandum

Practices to Promote Equity in Procurement

U.S. Small Business Administration



U.S. Small Business
Administration

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Table of Contents

Abbreviations and Acronyms	1
Abstract	2
Preamble	3
Introduction	3
Purpose	4
Literature Search and Review Methodology	5
Summary of the Available Literature	6
Narrative Discussion of the Literature	6
Analysis and Discussion.....	28
Bibliography	30
Appendix. Glossary of Terms.....	36

Abbreviations and Acronyms

BPDA	Boston Planning and Development Agency
DoD	Department of Defense
DOT	Department of Transportation
EDWOSB	Economically disadvantaged women-owned small business
EO	Executive Order
EPP	Equitable procurement plan
FAA	Federal Aviation Administration
FAI	Federal Acquisition Institute
FY	Fiscal year
GPL	Government Performance Lab
GSA	General Services Administration
HUBZone	Historically underutilized business zone
LGBTQI+	Lesbian, gay, bisexual, transgender, queer, and intersex
MBDA	Minority Business Development Agency
MPP	Mentor Protégé Program
NAICS	North American Industry Classification System
NASA	National Aeronautics and Space Administration
OMB	Office of Management and Budget
OPPAE	Office of Program Performance, Analysis, and Evaluation
OSDBU	Office of Small & Disadvantaged Business Utilization
RFP	Request for proposals
SBA	Small Business Administration
SBIR	Small Business Innovation Research
SBPAC	Small Business Procurement Advisory Council
SDB	Small disadvantaged business
SDVOSB	Service-disabled veteran-owned small business
SAT	Simplified acquisition threshold
VA	Department of Veterans Affairs
W/MBE	Women-owned and minority owned business enterprises
WOSB	Women-owned small business

Abstract

The United States Government is the largest consumer of goods and services in the world, spending more than \$650 billion each year (White House, 2022). This purchasing power makes Federal procurement a powerful tool to support and implement procurement policies and practices that advance equity. To support the Federal Government in identifying and implementing efforts that can advance equity, the U.S. Small Business Administration (SBA) is supporting a number of equity evidence-building activities.

As part of these activities, the SBA funded a systematic literature review to achieve three purposes—(1) develop a working definition for equity in procurement, (2) identify inequities in Federal contracting, and (3) identify practices for promoting equity in Federal procurement. This memorandum focuses on the third topic and presents findings from the literature regarding practices that are being used or suggested to promote equitable contracting in Federal procurement.

In support of the literature review, the SBA first developed specific questions for each of the topics and provided an initial list of sources. Based on the review questions, the project team conducted a systematic search of Government and non-Government literature (i.e., Federal reports, executive orders, memos, journal articles, private entity reports) published between January 2013 – July 2023 using select databases and search terms. Given the limited timeline of the project, sources published by state and local entities were excluded from the literature review. Of the 99 sources identified for the literature review, 65 sources contained findings relevant to promoting equity in procurement.

Findings from the Federal sector show that, for advancing equity in Federal procurement, there are a wide range of practices that have already been implemented or are being suggested at the Government-wide and agency levels. Findings from the state and private sector literature have similar foci as efforts emerging from Federal sector sources. Recommended practices generally address key topic areas, including (but not limited to): 1) increasing the number of procurement opportunities for businesses owned by groups who have been historically marginalized; 2) improving access to contracting opportunities for these businesses; 3) helping grow the business pipeline, including providing access to capital; 4) simplifying procurement processes; 5) conducting outreach and engaging communities; 6) providing technical assistance, training, and other supports such as networking/matching opportunities; 7) enhancing agency capacity and expertise; 8) supporting businesses with contract implementation and management coaching/support; and 9) collecting more useful data with which to monitor progress and outcomes.

As the literature indicates, there are no easy fixes or one-size-fits-all solutions for advancing equity in Federal procurement. Rather, meaningful progress in promoting equity in procurement requires strategies at all levels; the Administration, Federal agency, state agency, business, and individual levels. In addition, it requires an investment in resources and disruption of business-as-usual processes.

Preamble

Equity as a field has evolved significantly in recent years. As a result, language used to describe groups, their contexts, and their experiences has also evolved. While we attempt to use language that avoids reinforcing discrimination and biases, we recognize that some phrases may be appropriate to use in some contexts but not in others and that meanings and usage of phrases change over time. Phrases, such as “underrepresented communities”, “underserved businesses”, “minority-owned businesses”, “disadvantaged groups”, etc., are used when presenting findings from the literature and to keep consistent with the terms used by the authors of the sources.

Introduction

In 1953 with the Small Business Act, Congress created the U.S. Small Business Administration (SBA) as an independent agency of the Federal Government to aid, counsel, assist and protect the interests of small business concerns; preserve free competitive enterprise; and maintain and strengthen the overall economy of our nation. Today, the SBA serves more than 32 million small businesses and innovative startups, helping them begin, build, grow, and be resilient. By providing counseling and training, resources, capital, and contracting expertise, the SBA helps to ensure that small businesses, especially those in underrepresented communities, are elevated and given the tools and resources they need to create jobs and maintain and strengthen the economy (SBA, n.d.).

In addition, the SBA plays a key role in supporting the Administration in meeting the collective small business^a procurement goals for the Federal Government (SBA, 2022a; see Table 1).

Table 1. Federal small business procurement goals by small business category.

Small Business Category	Small Business Procurement Goals
Small businesses	Not less than 23% of the total value of all prime contract awards for each fiscal year (FY).
Women-owned small businesses (WOSBs)	Not less than 5% of the total value of all prime contract and subcontract awards for each FY.
Small disadvantaged businesses (SDBs)	Not less than 12% ^b of the total value of prime contract and not less than 5% subcontract awards for each FY.
Historically underutilized business zones small businesses (HUBZones)	Not less than 3% of the total value of all prime contract and subcontract awards for each FY.
Service-disabled veteran-owned small businesses (SDVOSBs)	Not less than 3% of the total value of all prime contract and subcontract awards for each FY.

One of the priorities of the Biden Administration is to advance “equity for all [within Government programs and services], including people of color and others who have been historically underserved,

^a WOSBs, SDVOSBs, and HUBZones are recognized in the Small Business Act as socioeconomic small business and traditionally underserved entrepreneurs, but they do not always meet the disadvantaged business definition. Related actions to advance equity in procurement also include people with disabilities, historically Black colleges and universities, minority-serving institutions, and tribal colleges and universities (FAI, 2022).

^b The subcontract spending goal for SDBs was raised from 5 percent to 12 percent for FY 2023.

marginalized, and adversely affected by persistent poverty and inequality” (White House, 2021a). This includes promoting equitable participation in Federal contracting, including making Federal contracting and procurement opportunities more readily available to small disadvantaged businesses (SDBs), and removing barriers faced by underserved individuals and communities (White House, 2021b). In support of this priority, the President set a goal of increasing the share of Federal contract dollars awarded to SDBs from 5 percent in FY 2020 to 15 percent by FY 2025 (White House, 2021b). In addition, he charged agencies with assessing available tools and undertaking efforts to increase opportunities for small businesses and traditionally underserved entrepreneurs to compete for Federal contracts.

To help address the Administration objectives and meet the collective procurement goals, the SBA works with each Federal agency to determine its individual contributions (agency-specific goals) and tracks and reports the performance of agencies’ achievements towards these goals. The SBA supports the implementation of Government-wide reforms and implements equity evidence-building activities. The agency also develops resources for Federal agencies and other stakeholders to help remove barriers for equitable participation and create opportunities for underserved communities to access Federal contracts.

Purpose

As part of its evidence-building activities, the SBA funded an equity in Federal procurement literature review to address three key topics and answer specific questions for each topic (see Table 2). The purpose of this memorandum is to summarize the findings from the third literature review topic: identifying practices for promoting equity in Federal procurement.

The first section of this memorandum provides an overview of the literature search methods, followed by a detailed summary of the findings from the literature, and an analysis and discussion section. Throughout the memorandum, tables and call-out boxes are used to highlight key information and example practices. The last section of the memorandum provides a bibliography of all included literature for this topic. The appendix provides a glossary of key terms (definitions) used in this memorandum.

Table 2. Equity in Federal procurement literature review topics and questions.

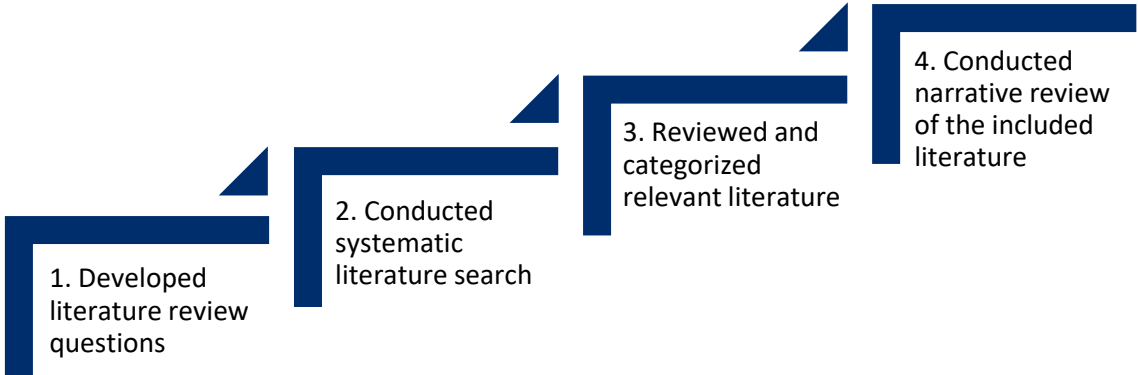
Literature Review Topics	Literature Review Questions
<p>1. Develop a working definition for equity in procurement</p>	<p>a. What current definitions of equity are available, and operationalizable, for the purpose of evaluating strategies to promote equity in Federal procurement?</p> <ul style="list-style-type: none"> i. How is the Federal Government currently defining equity—explicitly and implicitly—in the context of procurement? Who is included/excluded in these definitions? ii. How are equity experts and private sector businesses currently defining equity in procurement (and/or transferable contexts)? <p>b. How have experts in both Government and other contexts operationalized equity in the context of procurement?</p>

Literature Review Topics	Literature Review Questions
<p>2. Identify inequities in Federal contracting</p>	<p>a. Within the included literature, what evidence of inequities are cited in Federal contracting?</p> <p style="padding-left: 20px;">i. To what extent does inequity in Federal procurement look different from inequity in the economy at large, and what contributes to this difference?</p> <p>b. What general factors are contributing to inequities in Federal procurement?</p> <p>c. What factors are preventing small businesses owned by historically marginalized groups from contracting with the Federal Government?</p> <p>d. What factors are limiting agencies/Government from contracting with these small businesses?</p> <p>e. To what extent do factors contributing to inequity differ by Federal procurement categories (information technology, professional services, facilities and construction, medical products, transportation and logistics, industrial products and services, travel, security and protection, human capital, office management)?</p>
<p>3. Identify practices for promoting equity in Federal procurement</p>	<p>a. What practices are being used/applied or suggested to promote equitable contracting in the Federal sector?</p> <p style="padding-left: 20px;">i. What is known about their effectiveness?</p> <p>b. Within the included literature, what practices are being used/applied or suggested to promote equitable contracting in the state, local, or private sector?</p> <p style="padding-left: 20px;">i. What is known about their effectiveness?</p> <p>c. What is known about the ability to scale practices used/suggested in the Federal and state, local, and private sector?</p>

Literature Search and Review Methodology

The literature search and review were completed using a multistep process as outlined in Figure 1 below, with each step building on the previous step. In the first step, the SBA, with feedback from the Office of Management and Budget (OMB), drafted the specific questions for each topic of the literature review and then worked with the project team to refine and finalize the questions.

Figure 1. Steps for completing the equity in Federal procurement literature search and review.



Activities in the second step (the literature search) were designed to supplement the body of literature initially provided by the SBA to help answer the review questions. To identify additional literature, the

project team conducted a systematic search of Government and non-Government literature (i.e., Federal reports, executive orders, memos, journal articles, private entity reports) published between January 2013 and July 2023, using the databases and search terms listed below. Bibliographies in key documents were also reviewed carefully to identify relevant literature. Given the limited timeline of the project, sources published by state and local entities were excluded from the literature review. Literature focused on countries other than the United States were also excluded.

- **Databases:** Google, Google Scholar, JSTOR, SagePub, Government Publishing Office, Inter-university Consortium for Political and Social Research, Chief Financial Officers Act Agency websites
- **Search terms:** e.g., [procurement OR contracting OR federal contract*] and [equity OR disparit* OR underserved OR disadvantaged OR underutilized OR diverse OR veteran OR women OR small business]

Summary of the Available Literature

The literature provided by the SBA and the additional literature identified through the systematic literature search resulted in a sample of 131 sources for review for this project. After a detailed review of the sources, the project team excluded 32 sources because they did not contain findings relevant to answering the literature review questions, resulting in a final sample of 99 sources. Of those, 65 sources contained findings relevant to identifying practices for promoting equity in Federal procurement. The sources included federal sources, private sources, journal articles, and news articles (see Table 3).

Table 3. Type and number of publications relevant to practices to promote equity in procurement.

Type of publication/source	Number of products
Federal sources (e.g., Acts, Executive Orders, memos, agency reports, blog posts)	28
Private entity sources (e.g., briefs, white papers, reports, toolkits, resource guides, websites)	22
Journal articles	12
Local government sources ^c	2
Book chapter	1

Narrative Discussion of the Literature

The United States Government is the largest consumer of goods and services in the world, spending more than \$650 billion each year (White House, 2022). This purchasing power makes Federal procurement a powerful tool to support and implement procurement policies and practices that advance equity. However, despite Federal procurement goals to help increase the Federal contract dollars

* The function of the asterisk in a literature search is to broaden the search by including words that have the same root but different endings.

^c Sources published by state and local entities were excluded from the literature review but two sources were selected for inclusion because they were cited in the included literature and provide additional details.

awarded to these businesses and other Government-wide initiatives and policy changes, there are still significant inequities in Federal procurement, including procurement processes and outcomes. The following sections describe findings from the literature regarding practices that are being used, have been suggested, or may be adapted to help advance equitable contracting in the Federal Government.

It should be noted that many of the practices discussed pertain to small businesses generally, but the findings also are likely applicable particularly to small businesses owned by groups who have been historically marginalized. In addition, findings discuss practices for promoting equity in general, but some of these practices may also be applicable for promoting equity in procurement.

a. What practices are being used/applied or suggested to promote equitable contracting in the Federal sector?

Findings from the Federal sector literature and experts show that there are a wide range of practices that have already been implemented or are being suggested for implementation at the Administration or Government-wide level and at the agency level.

Government-wide practices

Equity assessments and action plans

Executive Order (EO) 13985 “*Advancing Racial Equity and Support for Underserved Communities Through the Federal Government*,” stipulates several practices for agencies to undertake to promote equity (White House, 2021a). As per the EO, “each agency must assess whether, and to what extent, its programs and policies perpetuate systemic barriers to opportunities and benefits for people of color and other underserved groups.” The intent of these equity assessments is to support agencies in developing policies and programs that promote equity, including in the area of procurement. In addition, the EO directs agencies to develop plans for “addressing any barriers to full and equal participation in agency procurement and contracting opportunities”.

Procurement goals

As stated earlier, the Government has set specific procurement goals for contracting with small business as follows: not less than 23 percent of the total value of all prime contracts awarded for small businesses, not less than 5 percent of the total value off all prime contracts and subcontracts for WOSBs, not less than 12 percent^d of the total value off all prime contracts and 5 percent of the total value of all subcontracts for SDBs, and not less than 3 percent of the total value of all prime contracts and subcontracts for HUBZone small businesses and for SDVOSBs, each. Following EO 13985, the President set the goal of increasing the share of Federal contract dollars awarded to SDBs from 5 percent in fiscal year FY 2020 to 15 percent by FY 2025 (White House, 2021b). In addition, he charged agencies with assessing available tools and undertaking efforts to increase opportunities for small businesses and traditionally underserved entrepreneurs to compete for Federal contracts (OMB, 2021a).

To help advance equity in procurement it is also recommended that the Government identify goals for the number of new small business entrants (Bipartisan Policy Center, 2021) and establish goals for each industry (McSwigan, 2022). The author noted that by setting benchmarks for each industry, the number

^d The subcontract spending goal for SDBs was raised from 5 percent to 12 percent for FY 2023.

of contracts to women- and minority-owned businesses could be increased, including in industries where these businesses are underrepresented.

Government-wide procurement policies and processes

Given that category management was found to decrease the number of opportunities available to SDBs and WOSBs, the Government introduced major changes to category management to boost contracting opportunities for underserved small businesses. The changes give agencies automatic “credit” under category management for all awards made to socioeconomic small businesses, beginning in FY 2022 (White House, 2021b):

“under the new category management scoring established by M-22-03, automatic Tier 2 Spend Under Management (SUM) credit will be provided towards agency category management goals for all awards made to certified and self-certified socioeconomic small businesses – including all awards to 8(a)s and SDBs—irrespective of whether those businesses are reached on existing SUM vehicles or through open-market set-aside contracts.” (OMB, 2021a; OMB, 2022)

Another recommendation that focuses on Government-wide policies, is to review and reform rules that exclude individuals who have interacted with the criminal justice system from accessing Federal contracting opportunities. Specifically, it is recommended that policies be implemented to ensure that expunged or sealed records do not preclude an individual’s ability to participate in contracting programs (JPMorgan, 2022).

The SBA small business program policies and practices

During a subcommittee hearing on the 8(a) program and next steps for promoting small business success, witnesses recommended several changes to the 8(a) program (Government Publishing Office, 2022). Specifically, they recommended that the 7(j) budget be increased; that the program be permanently extended to 10 years; that the sole source threshold be increased by eliminating option years and allowing the amount of \$7.5 million and \$4.5 million each year for manufacturing and other services, respectively; and that the simplified acquisition threshold (SAT) be increased from \$250,000 to \$1 million.

Other sources recommend making changes to the WOSB program, including eliminating the distinction and disparate treatment of WOSBs and economically disadvantaged women-owned small businesses (EDWOSBs) when awarding contracts. EDWOSBs must meet all WOSB contracting program requirements and be economically disadvantaged. Under the WOSB program, agencies may set aside Federal contracts for WOSBs (including EDWOSBs) in industries in which the SBA determines WOSBs are substantially underrepresented in Federal procurement. For EDWOSBs, agencies can set aside Federal contracts exclusively in industries in which the SBA determines WOSBs are underrepresented in Federal procurement (CRS, 2022).

The Congressional Research Service (2022) noted, eliminating the distinction between WOSBs and EDWOSBs could lead to an increase in the number of contracts awarded to WOSBs, because WOSBs would be eligible for set-asides and sole source awards in both underrepresented and substantially underrepresented NAICS codes, instead of just substantially underrepresented NAICS codes.

An alternate recommendation (Herrington, 2016) is to remove the economic distinction (between WOSBs and EDWOSBs) for agencies that award less than three percent of Federal procurement dollars to

WOSBs. The author notes that this could be accomplished through the SBA and the Federal Procurement Data System. The sources also recommend that set-asides and sole source awards to WOSBs (including EDWOSBs) be allowed in all NAICS industry codes regardless of WOSB representation (CRS, 2022; Herrington, 2016).

Molina (2015) also recommends implementing policy changes to ensure that transgender women can fully participate in the WOSB program. For example, the author suggests that a rebuttable presumption be established that designates transgender women as a “socially disadvantaged” group. However, due to a recent court ruling, groups may no longer be able to rely on the presumption that members of certain groups are “socially disadvantaged,” whereas individuals who do not belong to these groups must prove they are socially disadvantaged.^e

Business eligibility certification processes

Sources also recommend changes to the Government contracting certification process as a way to improve equity. Specifically, it is recommended that a more streamlined process be established to create greater consistency between public and private certifications and certification bodies. A more streamlined system would help improve the coordination among the various certification bodies (JPMorgan, 2022).

Recognizing this need, the Government is focused on modernizing the process U.S. firms use to apply for, maintain, and manage their SBA set-aside program certification and status. This strategy is intended to replace multiple outdated information technology systems with a single, high performing, customer-centric, web-based platform (Performance.gov, 2023).

Access to contracting opportunities

The Administration is also implementing practices to assist underserved businesses in accessing contracting opportunities. For example, the Minority Business Development Agency (MBDA) provides funding to 26 of its Business Centers to support centers in hiring Federal contract specialists who can provide wide-ranging technical assistance to help small businesses, including by facilitating access to capital and by coordinating targeted matchmaking between underserved businesses and both Government acquisition offices and prime contractors (White House, 2022).

As part of the Bipartisan Infrastructure Law, the Administration also directed agencies to collaborate to help expand access to capital for SDBs working on infrastructure contracts. In response, the Department of Transportation (DOT) is working with the SBA to connect SDBs to licensed Small Business Investment Companies which help to increase the flow of patient capital and long-term loans to small businesses through the SBA-certified private investment funds (White House, 2022).

The Administration is also urging prospective Bipartisan Infrastructure Law grantees to help improve equitable access to contracting opportunities for SDBs. In response, through the Equity in Infrastructure

^e The July 19, 2023 *Ultima Servs. Corp. v. U.S. Dep't of Agric* court ruling enjoined the SBA from using the rebuttable presumption of social disadvantage in administering the 8(a) program (Holland & Knight, 2023). As a result, at the time of writing this memorandum, the SBA has temporarily suspended the initiation of new applications into the 8(a) Program and suspended the final evaluation of all pending applications that sought to rely on the rebuttable presumption. The SBA is currently updating its new applicant process and system to comply with the Court's order (SBA, 2023a).

Project Pledge, prospective grantees have committed to 1) increase prime contracting opportunities for underserved businesses, 2) streamline processes for obtaining necessary business certifications, 3) improve payment time, and 4) expand access to financing to help underserved businesses win and accomplish infrastructure contracts (White House, 2022).

Technical assistance, training, resources, and opportunities for sharing practices

Several existing practices and recommended practices identified in the literature focus on providing support and education for underserved entrepreneurs and small businesses as well as agency stakeholders. For example, in 2020, as part of the Bipartisan Infrastructure Law, the Administration launched a technical resources assistance and engagement program to reach small and minority-owned businesses through conducting regional outreach events, focused “industry days”, and roundtable sessions (White House, 2022). In addition, the SBA allocated funding to Minority Serving Institutions to host Small Business Development Centers, to improve access to these centers for underserved communities. The SBA also supported the implementation of three Women’s Business Centers on the campuses of Historically Black Colleges and Universities and elevated the issue of women’s entrepreneurship through public engagement (SBA, 2022b).

Recommendations that focus on supporting agency and business stakeholders include providing them with emails or mobile alerts on changes in relevant legislation, providing fact sheets summarizing how legislation changes may affect the SBA small business programs, and holding briefings for stakeholders on how legislative changes may affect the SBA small business program (GEARS, 2018). Another recommendation promotes the creation of a task force of agency contracting officers to share best practices in reaching procurement goals. In addition, the SBA could host workshops or lunches for Federal agency contracting officers and others who have experienced challenges reaching procurement goals, to share strategies and encourage small group discussions (GEARS, 2018).

Some of the topics highlighted in the above recommendations are addressed by the Small Business Procurement Advisory Council (SBPAC), which is composed of members from each Federal agency with procurement authority. One of the purposes of the council is to help identify best practices for maximizing small business use in Federal contracting (15 U.S. Code §644a). In addition, through the SBPAC, the SBA assists Federal agencies throughout the acquisition lifecycle, from acquisition planning through award and period of performance. This assistance helps Federal agencies set and meet their small business contracting goals (Performance.gov, 2023). The SBA also reconvened the Council on Underserved Communities to help support the SBA’s prioritization of equity across its programs and initiatives. That council consists of 20 diverse stakeholders from every region of the country and is tasked with advising the SBA on strengthening and improving its strategies to help underserved communities (SBA, 2022b).

Technology tools

To support agencies in advancing equity in procurement, the Government launched two online platforms: the Government-wide Procurement Equity Tool and the Supplier Base Dashboard (see Table 4). These tools are designed to help agencies find businesses that are new to the Federal marketplace, identify qualified vendors, and track agency progress toward equity procurement goals (FedScoop, 2023; MeriTalk, 2023; White House, 2023).

Table 4. Functions of the Government-wide procurement equity tool and supplier base dashboard.

Government wide Procurement Equity Tool	Supplier Base Dashboard
<p>The tool uses dynamic data from SAM.gov and the Federal Procurement Data System to support market research that focuses on SDBs. Federal agencies can use the tool to find SDBs by location, business type, North American Industry Classification System (NAICS) code, and Product Services Code. Agencies can also find new SDBs that have registered in SAM.gov but have yet to receive a Federal award.</p>	<p>The dashboard tracks the total number of entities that have done business with an agency; their size and socio-economic status; and the number of new, recent, and established vendors in the supplier base and in market categories and subcategories of interest.</p>

Accountability, data, and performance tracking

Among other practices, the Administration also directed agencies to adopt management practices to support accountability and institutionalize the achievement of small business contracting goals. Specifically, agencies are directed to develop plans to ensure small business contracting officers have direct access to senior leadership and “include progress towards achievement of each of the socioeconomic small business goals as evaluation criteria in all performance plans for Senior Executive Service managers that oversee the acquisition workforce or agency programs supported by contractors” (White House, 2021b).

As mentioned earlier, it is SBA’s role to assess how well Federal agencies reach their small business and socio-economic prime contracting and subcontracting goals. In this role, the SBA publishes an annual Government-wide procurement scorecard that includes aggregate contracting data (SBA, 2022c). To support better tracking of Federal contract spending, the SBA released disaggregated data across industries and sectors by race and ethnicity in 2021 (SBA, 2021). In their report, Katz et al. (2022), noted that limiting data tracking to a few broad categories can make it difficult to clearly identify where Federal Government is falling short. SBA’s tracking and reporting of disaggregated data may help overcome these difficulties.

The Government will also be tracking new and recent Federal contractor activities via the number of awards and the dollars awarded to entities, as well as by Product Service Code, category management spend category, and North American Industry Classification System (NAICS) codes. It is anticipated that “tracking participation in different dimensions will allow for a fuller understanding of the economic impact of Federal acquisition activities” (OMB, 2023).

As part of its efforts to advance equity, the Bipartisan Policy Center (2021) also recommends that the Government end its practice of “double dipping” in tracking small business set-aside program performance. This practice refers to how awards to small businesses are counted toward procurement goals. Specifically, the dollar value of contracts awarded in small business set-aside programs is often counted toward more than one program goal. Thus, if an award is granted, or a subcontract is given to a WOSB in a HUBZone, it is counted toward both procurement goals; this inflates results reported with respect to small business procurement achievements (Bipartisan Policy Center, 2021).

Agency funding and scope

Dedicated funding can assist agencies in implementing programs to support underserved businesses. For example, in FY 2021, the President’s budget restored funding for the Department of Defense (DoD) Mentor Protégé Program (MPP) to help bring small businesses from underserved communities and new entrants into the defense supply chain. This occurs via agreements through which mentor firms provide business development assistance to small business protégé firms (DoD, 2022a).

Several sources note that it may be time to reauthorize the SBA to allow the agency to update its programs, goals and technology to better serve business owners (Carrazana, 2023; Goldman Sachs, 2023). Congress has not reauthorized the SBA itself since 2000, but has reauthorized various programs operated by the SBA since then. Reauthorizing the SBA would promote a comprehensive examination of agency processes and performance and thus, allow for the strengthening of the SBA programs and activities. According to the Bipartisan Policy Center (2022),

“when Congress authorizes a new agency or government activity, it defines the purpose, organization, and responsibilities of the federal government regarding a specific issue or realm of related concerns. Authorization paves the way for federal funding to be appropriated and spent to fulfill the purpose of the authorized agency or program.”

Agency-level practices

Availability of procurement opportunities

Federal agencies are making changes to policies, programs, and procedures to help increase the number of available procurement opportunities for small businesses, including SDBs, WOSBs, HUBZone businesses, and SDVOSBs.

For example, the Federal Aviation Administration (FAA) has expanded its use of set-aside competitions in contracting (Lopez et al., 2021). Small-business set-asides are a strategy to restrict participation by limiting competition to businesses that comply with certain requirements to certify that they are in fact a member of the targeted underserved group(s). The agency also updated its small businesses owned by groups who have been historically marginalized by increasing the threshold for making noncompetitive awards to SBA-certified 8(a) firms for Bipartisan Infrastructure Law-funded acquisitions, from \$4.5 million to \$10 million (White House, 2022). The General Services Administration (GSA) established dedicated contracting pools for HUBZone businesses, WOSBs, and SDVOSBs to facilitate the participation of businesses owned by groups who have been historically marginalized in the growing Federal marketplace for information technology services (Domestic Policy Council, 2023).

The Department of Energy issued new guidance to increase flexibilities for management and operating contractors and major site and facility contractors to award single source subcontracts to historically

Example agency practices to help increase the number of available procurement opportunities for businesses owned by groups who have been historically marginalized:

- Expand set aside competitions
- Establish dedicated contracting pools
- “Unbundle” contracts
- Provide flexibility for awarding single source subcontracts
- Increase the SAT
- Maximize use of the 8(a) program
- Require subcontractor commitments

black colleges and universities, minority serving institutions, and AbilityOne entities (Domestic Policy Council, 2023). Additionally, the State Department will require Competition Advocate reviews/approvals for acquisitions under the SAT, hoping that greater scrutiny and accountability on procurement actions and reporting will help maximize the opportunity of small and underserved businesses to receive SAT awards (Department of State, 2022).

To facilitate awards to SDBs, OMB (2022) recommends that agencies work with SBA's procurement center representatives to consider where there may be opportunities to disaggregate previously consolidated and bundled purchases. This is to provide more opportunities for SDBs and other small businesses to compete. As noted by Carrazana (2023), bundling limits access to Federal contracts for businesses that are less diversified due to limited access to capital. Thus, "unbundling" of contracts could particularly help minority-owned small businesses.

The Federal Acquisition Institute (FAI, 2022) recommends that agencies consider using existing and open market contracts to reach a mix of new entrants, seasoned 8(a) contractors, and other SDBs. As noted, the 8(a)-Business Development Program is critical for helping 8(a)-certified SDBs establish and grow their footprint in the Federal marketplace. Agencies can help maximize the use of the program by: 1) taking advantage of the GSA new 8(a) STARS III Government-wide acquisition contract, 2) seeking approval from the SBA to run competitions among 8(a) firms for contracts below the 8(a) competitive threshold, and 3) leveraging an 8(a) contractor for a construction project or software development (OMB, 2022). OMB (2022) also recommends that agencies maximize opportunities for SDBs when using GSA's Federal Supply Schedule program. FAR 8.405-5(c) encourages all agencies to consider socioeconomic status in identifying vendors for Federal Supply Schedule competitions and to consider at least one SDB and other socioeconomic categories for award.

Another recommendation is to create mechanisms for small businesses to compete for subcontracts from large businesses. Specifically, it should be required that a fair percentage of subcontracts go to small businesses, especially those that are women and/or minority owned (West, 2023). In support, the Harvard Kennedy School Government Performance Lab (2022) notes that prime contractors should be assisted in bringing on minority-owned subcontractor businesses by holding matching events at pre-bid meetings, identifying distinct work elements in the request for proposals (RFP) that can be subcontracted, and/or providing lists of qualified, certified small businesses. At the same time, subcontractors should receive support via capacity-building and mentoring strategies to help increase their capability to take on a prime contractor role in the future (Harvard, 2022).

In the past, there have been instances when businesses not eligible for set-aside and sole-source contracts have received millions of dollars in contract awards, which divert valuable contracting dollars away from intended program beneficiaries (GAO, 2010). Thus, agencies including the SBA, must provide sufficient oversight to ensure consistent and strict application of the program requirements (Williamson, 2020).

Business pipeline

Findings also show that agencies should focus on building the business supplier pipeline. As existing small businesses grow, they may no longer qualify for small business certification, and thus, it is important to ensure there are other eligible small business suppliers available. In addition, entrepreneurs from underserved groups should be supported in building their businesses and new businesses should be supported in entering the Federal marketplace.

One strategy for helping build the pipeline is improving access to capital. Lack of access to capital is one of the biggest barriers for entrepreneurs to starting business in the first place. Once started capital is also needed to grow businesses and to ensure adequate capacity to compete with other businesses in the Federal marketplace (Bates et al., 2017; Katz et al., 2022). To address this need, the Department of Commerce MBDA will provide technical assistance to minority-owned businesses accessing Treasury's State Small Business Credit Initiative program. With the goal of increasing equity funding for minority-owned businesses, MBDA will support incubators and programs to help businesses develop the necessary networks and experience to pitch investors (Department of Commerce, 2022). Agencies are also implementing practices to help increase the pool of available businesses owned by groups who have been historically marginalized, as shown in the examples below.

Agency Actions

The Department of Veterans Affairs (VA) launched the Women Veteran Owned Small Business Initiative, which is focused on women Veteran CEOs and aimed at increasing WOSB participation in Federal and commercial procurements (SBPAC, 2021).

The Federal Railroad Administration (FRA) within the Department of Transportation (DOT) is collaborating with the DOT Office of Small and Disadvantaged Business Utilization (OSDBU) to implement a Rail Ready Program (FRA, 2023). The program is intended to be a technical capacity building program for socially and economically disadvantaged businesses in rail construction, engineering, maintenance, goods, and services. It will focus on a range of topics, including bonding education, access to capital, professional development, procurement readiness, a Mentor Protégé Program (MPP), prime partnering roundtables, teaming agreements and matchmaking, stakeholder engagement, and others (FRA, 2023).

Another strategy is to create dedicated on-ramps (new entries) and off-ramps (established larger small businesses) for businesses (Bipartisan Policy Center, 2021). Small businesses new to the procurement process may be more successful if they received assistance in understanding “procurement 101.” On the other hand, businesses graduating from the 8(a) program may experience loss in revenue when they are no longer an 8(a) business and so lose access to 8(a) “set-aside” opportunities. Some call this the “contracting cliff.” Creating an off-ramp for these growing small businesses would help ensure further economic success. In addition, 8(a) graduate mentors should be given priority with the MPP application process to help them quickly transfer their knowledge to a new 8(a) business (Government Publishing Office, 2022). OMB (2021b) also recommends that agencies strengthen the oversight of prime contractor reporting of subcontracting plans and goals, since subcontracting opportunities are often pathways for small businesses to become involved with Federal contracting (OMB, 2021a).

Agencies should also consider other strategies for building the pipeline, such as partnering with an incubator or other similar program that can help prepare businesses for future work (e.g., large construction projects, convenience contracts that will expire) (NIGP, n.d.). Agencies may also use innovative buying practices, such as virtual industry days and remote technical demonstrations (FAI, 2022); and training small businesses via webinars, industry days, and/or matchmaking events on how to

market themselves using online tools (e.g., SAM.gov and other Federal procurement websites). Specifically, SAM.gov has a feature called “Interested Vendor” that supports self-marketing by providing a small business with the opportunity to indicate interest in specific solicitations, provide contact information, NAICS codes, and search for other businesses with which to partner (GEARS, 2018).

Business identification

To help find qualified businesses, agency contracting staff may use available resources and trainings such as the SBA 2012 Market Research Guide for Contracting Officers (GEARS, 2018) and SBA’s more current market research tools. OMB (2022) also recommends that agencies use GSA’s Category Management Quick Decision Dashboard and the Small Business Dashboard to identify existing contracts that provide access to socioeconomic and other small businesses. Agencies may also consider searching SBA’s Dynamic Small Business Search by NAICS code (FAI, 2022). The GSA Schedule e-library provides information on each vendor’s socioeconomic status and allows agencies to tailor their searches specifically for products and services provided by disadvantaged businesses (OMB, 2022). Another useful tool is SBA’s 8(a) no-contracts list of eligible firms, which can help agencies build the diversity of their supplier base by quickly identifying 8(a) participants that are available to perform contracts but have not won a contract yet (OMB, 2022).

In future years when the HUBZone map is updated again (the map was updated effective July 2023), the SBA may also consider creating a database that identifies HUBZone small businesses that have successfully maintained certification throughout a set period for HUBZone set-aside opportunities. The database may include compliance indicators and the type of matchmaking and indicators that have been identified by agencies to help provide a successful certification and compliance profile (GEARS, 2018).

Access to procurement opportunities

To help businesses navigate the procurement process to find good-fit opportunities and submitting bids, agencies may consider providing clear and centralized process guidance and procurement forecasts. Agencies could use well-designed websites or provide access to Government staff to help answer questions from businesses (Harvard, 2022). In addition, agencies could use pre-bid or pre-proposal meetings strategically to share additional information and demystify the procurement process and specific contracting opportunities (Harvard, 2022). Addressing some of these recommendations, the Administration is encouraging businesses to use dynamic agency forecasts of contracting opportunities, that provide real-time information that entities, including socially and economically disadvantaged small businesses, can use in preparing to participate in competitions for work (OMB, 2021c).

Recognizing the value of counseling and training in small businesses’ ability to compete for bids and fulfill contracts, it is also recommended that agencies make greater use of trainings ahead of businesses’ certification (Bipartisan Policy Center, 2021). Addressing this need, the SBA will maximize its application education and assistance by offering quarterly trainings to educate firms on 8(a) program eligibility and the application process (SBA, 2022c).

Authors also recommend that agencies invest in networks that bring together a diverse mix of people and allow them to make social connections. As part of this practice, agencies should play the role of convenor to foster connections between stakeholders representing agencies and business to create innovative ecosystems (Myers et al., 2021). For example, the SBA launched a program that allows HUBZone businesses to form a joint venture with other small businesses or an approved mentor in order

to compete for HUBZone specific contracts without requiring all partners to be HUBZone certified (Optimal Solutions Group, 2021). To help connect businesses and build capacity, it is also suggested that an MPP be created for WOSBs that is specifically tailored to meet the needs of women business owners as protégés. The author also notes that the position of mentor may be open to successful women-owned and men- owned businesses (Mee, 2012).

Outreach, communication, and support

In its guidance to agencies for advancing equity and support for underserved communities (OMB, 2021b), the Administration directs agencies “to consult with members of communities that have been historically underrepresented in the Federal Government and underserved by, or subject to discrimination in, Federal policies and programs, and to evaluate opportunities, as allowable, to increase coordination, communication, and engagement with community-based and civil rights organizations.”

Focusing on the Federal procurement process more specifically, multiple sources recommend that agencies implement practices that actively encourage trusted participation of members of underserved communities. Practices may include a rebranding campaign to publicize steps taken to improve equity (Myers et al., 2021), targeted marketing of resources and programs for businesses (Goldman Sachs, 2023), and outreach activities and networking opportunities (Katz et al, 2022). Addressing the recommendations, the Department of Treasury has launched nation-wide vendor outreach events to expand equitable procurement opportunities by educating vendors from underserved business communities on how to gain access to the federal marketplace in preparation for Government contracts (Domestic Policy Council, 2023). Another goal for the sessions was to provide opportunities for these businesses to participate as subcontractors in the contracts awarded by Treasury (SBAPAC, 2021). The National Aeronautics and Space Administration (NASA) connected industry stakeholders and businesses with federal procurement experts and other NASA leaders during its inaugural LGBTQI+ Vendor Equity Forum, providing information and resources to demystify the federal contracting process and spread greater awareness of procurement opportunities among underrepresented small businesses (Domestic Policy Council, 2023). As shown in the example below, the SBA launched a new networking initiative.

Agency Action

The SBA launched a major new pilot project called the Community Navigator Program. This \$100 million program provides direct support to 51 community “hubs” that are meant to work with smaller, “spoke” organizations in their geographic communities to help with outreach, education, and technical assistance for small businesses, with a particular focus on minority owned and disadvantaged businesses. This hub and spoke model is meant to reach business owners through organizations with which they are already connected and which they can trust. It is anticipated that this approach will help increase the accessibility of the Federal Government’s programs to potential Federal contractors in the future (Katz et al, 2022).

The Federal Acquisition Institute (FAI, 2022) also recommends that agencies hold regular meetings with new small businesses to help improve their awareness and understanding of upcoming opportunities

(FAI, 2022). Similarly, Mee (2012) recommends that agencies create industry-specific outreach programs and that agencies coordinate to increase efficiency. The author notes that coordination by agencies that contract in similar industries and for similar goods is especially important for improving the reach and efficiency of individual agencies' outreach programs (Mee, 2012).

Several agencies are already holding meetings and implementing similar practices. For example, the SBA has hosted 8(a) monthly "Straight Talk" hours (Performance.gov, 2023). DoD is increasing outreach and engagement with the industry, simplifying information on opportunities to do business with the Department, and providing support to small businesses that seek to enter the defense marketplace. DoD also conducts monthly calls with industry associations that have significant small business membership and hosts quarterly meetings with industry associations representing minority and women-owned small businesses. The agency is also leveraging the Procurement Technical Assistance Program and small business professionals in the military services and defense agencies to organize outreach events, industry days, and matchmaking events (DoD, 2022a).

Procurement processes and practices

Efforts to enhance equity in Federal procurement should start with agencies reviewing their procurement phases (e.g., requirements development, acquisition plan development, source selection plan development, and solicitation scoring), identifying processes in these phases that may contribute to inequities and determining strategies that can help mitigate inequities (Myers et al., 2021). For example, OMB (2021a, 2022) recommends that agency staff engage early in the acquisition process with their Office of Small & Disadvantaged Business Utilization (OSDBU) and the SBA's assigned procurement center representative to identify barriers to access and craft acquisition strategies that maximize opportunities for small business participation. Another strategy is for agencies to conduct user research (e.g., surveys, interviews, focus groups, user journey mapping) to understand pain points for small businesses and enact process or policy changes to lower those barriers (Harvard, 2022).

In addition to examining agency procurement processes, agencies should also take action to eliminate and/or implement specific practices. For example, agencies could focus on changing or adding contract requirements, such as reducing or eliminating bonding insurance requirements, conducting risk analyses to determine the amount of insurance coverage realistically required, and publishing an assistance line for offering clarification on requirements (NIGP, n.d.; Harvard, 2022). Addressing this recommendation, the SBA will examine areas of the 8(a) application requirements to reduce the administrative burden for small businesses (SBA, 2022c). DoD (2022b) is working closely with OMB to mandate a \$15 minimum wage for service contract workers on Federal contracts.

In addition, to make the bidding process more accessible, RFPs should be written more clearly and in more simplified language to make it easier for businesses to understand. Agencies may also consider limiting page length and standardizing RFP formats. Proposal response templates could also be provided to help mitigate bias among evaluators when reviewing proposals (Harvard, 2022). Addressing this need to some extent, many agencies committed, in their equity action plans^f, to reconsidering how they write solicitations for grant or contract applications and how they review applications (Balu et al., 2023).

^f Federal agency equity action plans represent specific agency commitments to redress inequities and to promote equitable outcomes in communities. They provide a roadmap for agencies to address discrimination and inequities experiences by groups who have been historically marginalized.

It is also recommended that agencies make changes to award criteria either through bid/price preferences or point allocations (Lopez et al., 2021). For bid or price preferences, preference points are either points awarded or percentage reduction in price granted to businesses. This ultimately may allow an agency to award a contract to a bidder who did not make the lowest bid. For the strategy of allocating points in multi-attribute award criteria, agencies may provide an additional point to support specific socioeconomic or small business contracting objectives (Lopez et al., 2021).

“[Agencies] can’t address what [they] don’t measure, and data provides an important guide to help [agencies] identify where [they] are making progress and where [they] need to focus additional efforts (DOL, 2022)

Agency capacity and expertise

Other recommendations identified to improve equity in contracting focus on practices to help build agency capacity, such as providing resources, increasing collaboration, and using experts. For example, the SBA committed to assessing the staffing and resources allocated for the SBA district offices to consistently provide business development assistance and improve 8(a) program participants’ customer experience (SBA OIG, 2022). At the U.S. Department of Health and Human Services, small business specialists participate in acquisition planning; at the Environmental Protection Agency, members of the agency leadership serve as small business champions; and the Social Security Administration hosts acquisition team workshops involving contracting officers, contracting officer’s representatives, technical experts, and legal council (SBAPAC, 2021).

For the HUBZone program, a report prepared for the SBA recommends that agencies assign an internal agency staff member whose sole responsibility would be to manage the HUBZone Program and ensure that the portfolio of certified HUBZone small businesses at their agency is maintaining compliance with the program. The staff member could also coordinate efforts between contracting officers, OSDBUs, small businesses, and certification and recertification processes (GEARS, 2018).

Another strategy recommended to address inequities involves an incentive program for contracting officials that would encourage Federal staff to use set-aside procedures to help support specific small business programs. To implement an incentive program, the agency should set goals for individual contracting officials and provide awards based on goal attainment (Mee, 2012).

Contract implementation

Practices to promote equitable contracting can also be implemented after awards are made. Specifically, agencies should support department staff who are using businesses owned by groups who have been historically marginalized, especially for the first time. These efforts can focus on helping businesses along the learning curve (e.g., submitting invoices in the right format and on time) and on helping Government staff communicate and help small businesses with problem-solving effectively and proactively (Harvard, 2022).

Lengthy payment timelines for work performed can cause financial stress to small businesses. To address this issue, agencies should implement prompt payment programs to reduce the amount of time it takes for payments to be submitted, such as by replacing physical checks with electronic fund transfers across the board for all vendors, by guaranteeing shorter payment timelines for smaller contracts or smaller

vendors, and by ensuring prime contractors promptly pay subcontractors (Bates and Robb, 2013; Harvard et al., 2022).

Disparity studies, data collection, and performance tracking

As part of agencies' effort to examine whether their practices help to mitigate inequities in Federal procurement, agencies may first need to gauge the nature and extent of existing disparities by conducting a disparity study (NIGP, n.d.). Agencies should then set specific goals for equity in procurement and regularly evaluate agency performance against them (Myers et al., 2021). To do so, agencies must collect data and use the data to determine where and to what extent progress is made and where there are still gaps (DOL, 2022). DOT addresses this need by conducting weekly small business achievement data analyses, develops monthly contract bundling reports, and performs industry analyses (i.e., underperforming modal administrations) (SBPAC, 2021).

Several recommendations focus on enhancing transparency and connecting goals to meaningful qualitative and quantitative data. For example, West (2023) recommends that agencies issue reports each year summarizing the number of applications, awards, and subcontracts by geography, race, ethnicity, gender, and veteran status. Such data would help agencies examine success rates by category and identify where disparities may persist (West, 2023).

Agencies are also encouraged to proactively use the Acquisition 360 survey to understand better how SDBs and other awardees and potential contractors experience the Federal contracting process. (FAI, 2022; OMB, 2021b; OMB, 2022). Agencies should consider sharing experiences (both positive and negative), quantifying changes, and celebrating successes (such as establishing a new small business training program or unbundling policy) (NIGP, n.d.).

a.i. What is known about their effectiveness?

At this time, the literature does not describe evaluations that have examined the effectiveness of specific practices to promote equity Federal procurement. The literature describes positive outcomes for equity in procurement that may be associated with these practices, but no cause–effect relationship between specific practices and outcomes/impacts has not been established.

Equity action plans

In response to the Administration's requirement that agencies develop equity action plans, more than 90 agencies have created such plans to help address the barriers and discrimination that underserved communities face. Based on their narrative review of the plans, Balu et al. (2023) concluded that "the plans with the most potential for impact focus on new actions and accountability measures that respond to those historical drivers of inequity. The closer action plans get to tackling root causes rather than symptoms of an equity problem, the more likely they are to create measurable change, which can be used to assess progress toward equity goals." However, research is needed to determine the effectiveness of the specific strategies put forward by agencies and to determine whether some strategies may be more effective than others.

Disparity studies

Agencies may use disparity studies as a method for demonstrating discrimination that satisfies legal scrutiny tests and ultimately justifies the establishment of race-conscious programs and policies and procedures for mitigating the effects of discrimination. Given the potential significant impact of disparity studies, Atkinson et al. (2021) examined the legitimacy and merit in current approaches to conducting disparity studies. Based on their analysis, the authors suggest that the data used for disparity studies may present a variety of problems. Disparity studies usually consist of statistical analysis of past procurement (such as a utilization analysis to accompany an availability analysis of the marketplace). However, the “availability analysis has presented a variety of problems, including quality or granularity of the data in the U.S. Census Bureau Economic Census; time differences and mismatches between the data for availability and utilization; differences in how minority business enterprises are defined and counted; and determining the field of qualified, able, and willing firms, among other concerns that undermine analysts’ ability to provide an analysis that conforms to the requirements of the court.” In addition, the authors suggest that there may be a research bias inherent in disparity studies, because the goal of commissioning a disparity study is not a search to identify parity, but rather to identify disparity. Given these and other challenges, the authors conclude that the “commission of disparity studies may not ultimately solve the challenges that hinder access to public contracts. Instead, they promise a politically palatable “quick fix” for a societal problem. Addressing some of the issues mentioned above, next generation disparity studies examine whether there are statistically significant disparities in contract award amounts, bid success rates, and prequalification rates, and whether there are specific market barriers to full participation in the entire range of procurement and contracting activities.

City of Richmond v. J. A. Croson

In *Croson*, a majority of the Supreme Court for the first time held that ameliorative race based preferences developed by state and local governmental entities must meet [certain standards], in order to withstand challenge under the Equal Protection Clause of the U.S. Constitution. The Court found the City of Richmond’s (Virginia) [minority business enterprise set aside ordinance to be unconstitutional. (Rice, 1995)

Government-wide procurement goals

Data on small business contracting reveal increases in small business spending (SBA, 2023b), suggesting that goal setting and strategies for working toward those goals may be effective. Specifically, in FY 2022, the Government exceeded its small business contracting goal of 23 percent, awarding 26.5 percent of Federal contract dollars to small businesses. This amounts to a \$162.9 billion investment in the small business economy, which is an \$8.7 billion increase from the previous fiscal year.

SDB prime spending by Federal agencies exceeded 11 percent for the second consecutive year but fell short of the 5 percent spending goal for small business subcontracting (4.6 percent). SDVOSB prime spending reached 4.6 percent, keeping with its track record of exceeding the 3 percent goal, but also fell short of the 3 percent spending goal for SDVOSP subcontracting (2.2 percent). Prime spending for WOSBs and HUBZone small businesses did not meet their 5 percent and 3 percent targets, respectively, but overall spending increased for both programs. For WOSBs, the Government exceeded the 5 percent

subcontract spending goal (5.1 percent). In addition, NAICS codes eligible for WOSB set-aside contracts expanded from 444 to 759, representing a 70 percent increase, and the number of certified WOSBs increased from approximately 1,000 to nearly 6,000. For HUBZone small businesses, the Government also did not meet the 3 percent subcontractor spending goal in FY 2022 (1.7 percent) (SBA, 2023c).

Performance tracking/scorecards

As part of a larger evaluation focused on SBA's small business procurement scorecards, researchers conducted interviews with a range of Federal agency staff to examine the role of agencies' small business culture and institutional commitment to creating small business opportunities (Optimal Solutions Group, 2021). The findings indicate the small business scorecards incentivize agency leadership to take action and to implement new agency practices (e.g., including the OSDDBU in early, high-level procurement discussions). As is noted in the report "The scorecard itself raises awareness at the highest level and heads of the agencies, [regardless] of which party they come from they all want to do well on the small business scorecard. They like to get "A's" and "A+'s."

Preferential procurement

There have not been any rigorous studies to examine the effectiveness of preferential procurement in improving equity in contracting. However, some of the changes in processes and outcomes cited in the literature suggest that this practice may be an effective strategy for reducing inequities in Federal procurement. For example, in a paper published in 1995, Rice noted that due in part to set-aside programs, minority businesses, particularly Black businesses in the construction and business services, have increased dramatically in the U.S. since the early 1980s (Rice, 1995). Providing support for the potential effectiveness of set-aside programs, Rice (1995) cites data that show a sharp decline in minority business participation in state and local government in the immediate aftermath of the *Croson* decision (see text box above), which had led to the dismantling and suspension of set-aside programs in state and local jurisdictions.

In a more recent study, Shelton and Minniti (2018) used an exploratory qualitative approach to examine the impact of preferential procurement programs on product market access for Black and Hispanic entrepreneurs. The results of the analysis suggest that the practice may expand product market access by improving the information available to entrepreneurs and by altering incentives for resource providers. The authors conclude that, by leveraging their status in these programs, minority entrepreneurs benefit from their minority status by transforming their membership in a group into a competitive advantage.

A potential side effect of preferential procurement may be an increase in cost to agencies. Specifically, Lopez et al. (2021) argues that "procurement systems prescribe full and open competition as the default procedure under the implicit assumption that they are buying in competitive markets. The efficiency costs are the theoretical loss derived from the deviation from full and open competition. Therefore, restrictions on competition will tend to increase prices. Finally, there are increased monitoring costs created primarily in the final two phases of the procurement process [contract management, litigations], which are often borne by separate agencies tasked with oversight." However, the authors also note that many scholars refute the argument about increased costs.

Certification processes

Although a range of practices are being used or have been suggested for simplifying the procurement process itself, the literature does not provide insight into the effectiveness of this type of strategy. One piece of “evidence” comes from the SBA. Specifically, in its updates on progress toward agency priority goals, the SBA reported the following for the second quarter of FY 2023: “In support of SDBs seeking 8(a) certification, [the SBA Office of Business Development] streamlined the 8(a) application for individually owned firms, resulting in a 50% reduction in application questions and reduced documentation requirements.” (Performance.gov, 2023)

Outreach, marketing, technical assistance, and training

Anecdotal and qualitative data suggest that targeted outreach programs and supports for businesses owned by groups who have been historically marginalized may be effective in reaching and engaging these groups. For example, in their report, Mee (2012) notes that “some contracting officials, specifically those from the Air Force, NASA, the Department of Energy, and the [GSA], described WOSB-outreach programs in their respective agencies as active and successful.” The contracting officials noted that the practices are effective in that they attract WOSBs to Federal procurement opportunities and provide instructions to small business owners for navigating the process and completing the required documentation.

Similarly, based on interviews with Federal agency staff, GEARS (2018) concluded that extensive marketing of the HUBZone program to small businesses and comprehensive training for small businesses about Federal procurement are some of the most important factors for a Federal agency to reach the HUBZone program 3 percent goal. Although the findings are not explicit evidence for the practices’ effectiveness, they suggest effectiveness since agencies identified them as factors that contribute to their success in meeting procurement goals.

If one considers outcomes in terms of reach as a proxy for level of effectiveness, data suggest that trainings, webinars, monthly meetings, or other targeted engagement activities may be effective in engaging SDBs. For example, the SBA’s MPP Conference hosted more than 300 attendees. In addition, through its monthly “Straight Talk” events, the SBA reached 80 participants in the second quarter of FY 2023. At the time of reporting (2nd quarter of FY 2023), SBA’s Office of Business Development had trained 20 Federal agencies and over 3,000 procurement and small business personnel on the 8(a)-contracting program, and SBA’s Office of Government Contracting (GC) had provided training to 6254 Unique Small Business Counseling and Training Session Attendees (Performance.gov, 2023). As a result of SBA’s GC engagement with the Army and Navy, the Navy awarded 40 contracts to 8(a) companies that had never been awarded a Federal contract before that time (Performance.gov, 2023). Similarly, the Department of Treasury reported for FY 2020, that their vendor outreach sessions resulted in over 70 small businesses attaining their first ever Treasury contract (SBPAC, 2021).

Mentor program and networking

Data also suggests that mentorship programs and networking may be effective strategies for reaching businesses owned by groups who have been historically marginalized. For example, in 2022, DoD reported that small businesses participating in the MPP as protégés contributed between \$3–\$4 billion in work to support the defense mission each year (Department of Defense, 2022a). Analyzing WOSB data from DoD’s Small Business Innovation Research (SBIR) program, Rye (2021) found that there was a

positive relationship between WOSBs' success in obtaining an SBIR award and their ability to build networks. The findings suggests that women entrepreneurs with a business network may be able to outperform their counterparts in the public procurement market (Rye, 2021).

b. From the included literature, what practices are being used/applied or suggested to promote equitable contracting in the state, local, or private sector?

Findings from the literature about state, local, and private equity efforts also provide insights into Federal and state practices that may be effective if adopted by Federal agencies. Specific recommendations and examples are provided in the section below. To illustrate local efforts, the section first spotlights the Boston Planning and Development Agency (BPDA) Equitable Procurement Plan (EPP), which consists of five initiatives (BPDA, 2010):

Business Capacity Building

1. **Procurement Process and Design:** Update procurement processes to expand the current pool of vendors that participate in contracting opportunities, including minority owned and women owned businesses.
2. **Community Outreach:** Meaningfully broaden community outreach efforts, better communicate upcoming procurements, and offer technical assistance.
3. **Data Collection:** Improve current procurement systems to better capture and analyze data and invest in technological advancements in support of the EPP.
4. **Reporting and Accountability:** Expand the monitoring and reporting of the BPDA contract portfolio. Establish an internal working group to sustain the work, directly charge the Chief Procurement Officer (CPO) with reporting responsibilities and endow the CPO with authority to require EPP considerations at all purchasing levels.
5. **Resource Allocation:** Increase training and staffing to better equip the BPDA to act on the initiatives mentioned above successfully and to invest in technological advancements in support of Equitable Procurement.

Disparity studies, data collection, and performance tracking

Similar to recommendations from the Federal sector, recommendations from the state, local and private sources also indicate that equitable contracting may start with identifying disparities. Specifically, sources note that the most successful strategies to diversify contracting and procurement provisions begin with studying the existing disparities in contracting, setting clear and increasing targets for the share of Federal contract dollars awarded to minority-owned businesses and disadvantaged businesses, and tracking metrics (PolicyLink, n.d.; Edelman et al., 2017). Furthermore, Bernabei (2017) highlighted that the role of identifying, collecting, and using data must be shared and owned by leaders and early adopters (or Core Team of staff) responsible for developing a plan of action (Bernabei, 2017).

In terms of collecting and tracking performance metrics, Edelman et al. (2017) recommends that complementary metrics be obtained, beyond data reflecting total spending going to minority- and women-owned businesses. Complementary metrics may include the number of minority- and women-owned businesses that make it to each stage of the procurement process, including receiving notifications about upcoming procurements, attending procurement information sessions, submitting bids for procurements, and winning contracts. These data would help “paint a more complete picture of challenges and successes.” (Edelman et al, 2017)

Another recommendation has been to use a Business Advisory Committee to solicit input and feedback from businesses on policies and practices guiding the contracting and hiring processes and to monitor and report contracting outcomes (PolicyLink, n.d.).

Systems and information

Other recommendations emerging from examination of state, local, and private equity efforts focus on ensuring that data and processes are open and accessible. Specifically, Sklar (2020) recommended that a system be built to digitize, link, and publish open procurement information and data from planning to implementation. In addition, user-friendly systems should be designed that are grounded in user research and a deep understanding of issues that prevent minority-owned businesses and women-owned business from obtaining procurement information and data.

Edelman et al. (2017) highlighted that certification systems offer Governments a reliable option for accurately and comprehensively tracking vendor diversity. The authors added that it may be helpful for cities to recognize other Governments’ or organizations’ minority-owned businesses and women-owned business certifications to promote certification and improve vendor diversity data.

Procurement goals

Recognizing the benefit of setting targets for procurement, cities have set goals for procurement from minority-owned and women-owned businesses. For example, based on the outcomes of a disparity study, Boston’s mayor Marty Walsh signed an executive order in 2021 establishing targets for the use of minority-owned and women-owned businesses. The city established an overall annual aspirational goal of 25 percent minority- and woman-owned business enterprise utilization on discretionary contract and procurement spending, with an overall annual aspirational goal of 15 percent utilization for woman-owned businesses and an overall annual aspirational goal of 10 percent utilization for minority-owned businesses (City of Boston, 2021). Similarly, the city of Asheville will establish annual aspirational and contract-by-contract subcontracting goals for minority and women-owned businesses (Myers et al., 2021). The goals will be based on the availability of minority and women-owned businesses in the Asheville region.

Business capacity

As noted previously, lack of access to capital is a significant barrier to starting and growing businesses for minority and women entrepreneurs. To address this barrier, Fairchild et al. (2018) recommend that triggers in tax credits and Community Reinvestment Act requirements be used to build regional capital pools that can provide lines of credit and bonding capacity to help grow participating minority-owned and women-owned businesses (Fairchild et al, 2018). The authors noted that regional collateral pools could help mitigate perceived risks in getting loan, bonds, or insurance. In addition, coaching and

technical support should be provided with a focus on helping businesses organize financing, develop a prequalification package, and effectively bid on appropriately sized projects (Fairchild et al, 2018).

Murrell and Bangs (2019) used critical participatory action research to examine gender and racial disparities in local government contracting opportunities. The research findings – together with work they conducted with several community, women- and minority-serving and legal partners – resulted in the adoption of a number of practices by local government. The practices centered on two areas: (1) women-owned and minority owned business enterprise (W/MBE) capacity building and (2) creating accessible contracting processes. The textbox below provides a summary of the adopted practices related to supporting businesses in building capacity.

Business Capacity Building

1. Provide or refer W/MBEs to appropriate resources as needed for technical and financial assistance.
2. Conduct outreach to encourage new W/MBEs to bid on public contracting.
3. Advertise in newspapers to ensure appropriate reach and frequency of potential W/MBEs per specific public contracting opportunities.
4. Encourage mentoring and joint ventures with other majority or minority firms.
5. Provide a dedicated resource to manage the promotion, development, and growth of W/MBEs for local government public contracting opportunities.

JPMorgan Chase (2022), supported the Ascend national program designed by the University of Washington. The program supports businesses by applying a three-part ecosystem strategy focused on money, markets, and management. The program opens access to markets through contracting and supply chain partnerships, improves management skills, and increases access to money through loans and investments with goals to help businesses achieve over \$1million, \$5 million, or \$10 million in annual revenue (JPMorgan, 2022).

Outreach, marketing, technical assistance, and training

Cities and states also acknowledge the fact that businesses experience procurement barriers and would benefit from targeted supports. There are several practices that are recommended by private entities and several specific examples of how cities and private businesses have helped address these barriers.

Sources noted that cities should conduct outreach and offer adequate resources to ensure that more eligible businesses gain certification (PolicyLink, n.d.). Other sources recommend that entities develop a community of practice to facilitate cross-sector training and sharing of best practices. “For example, a local transportation agency with strong inclusive procurement policies can help teach local water agencies how to implement such efforts” (Fairchild et al., 2018). Rose (2015) recommends a small business boot-camp to build the capacity of small, minority- and women-owned businesses and provide an effective strategy for meeting contracting goals.

Examples of practices that have been implemented come from Boston, Long Beach, Buffalo, and JPMorgan Chase. The city of Boston hired Department of Neighborhood Development and Office of

Small Business Development staffers who are skilled in project management and business development, and who have roots in the communities they serve. The goal for these staffers is to build strong relationships with minority-owned and women-owned businesses and provide technical assistance to encourage their participation in the city's business opportunities (Edelman et al, 2017; Myers et al., 2021).

The city of Long Beach Purchasing Division hired a Vendor Outreach Coordinator to conduct outreach to businesses full time. The coordinator is responsible for advertising solicitations through media outlets and business organizations and by reaching out directly to organizations who could bid on these opportunities. Working closely with local business associations, the coordinator educates vendors on the city's procurement processes, answers questions about doing business with the city, and provides assistance with applying for opportunities. In October 2021, the city also launched a survey that asked over 30,000 vendors for feedback on what else the city can do to ensure competitive, equitable, and transparent procurement. The city expects to make more adjustments to its processes based on findings (Harvard, 2022).

In Buffalo, the city is dedicating American Rescue Plan funding to increase economic opportunity for entrepreneurs and existing businesses in the Black community. To do so, the city works with a local organization that is already working with businesses led by people of color and understands their need, to provide free small business resources for entrepreneurs who are underserved and Black, Indigenous, or People of Color. Resources provided include financial and technical assistance, helping businesses become certified as minority-owned businesses, and supporting new businesses led by people of color (Harvard, 2022). On the private sector side, JPMorgan Chase (2022) is supporting businesses in meeting Federal cyber security requirements. Specifically, the company provides a cybersecurity assessment for businesses owned by groups who have been historically marginalized and connects them to consulting resources to support businesses in meeting industry standards related to working with large enterprises (JPMorgan, 2022).

Procurement processes and practices

A number of recommended and existing practices for state, local, and private entities focus on improving the procurement process for businesses. For example, it is recommended that entities develop inclusive procurement policy toolkits by sector (water, energy, public housing transportation, health, and education) that account for different business cases, regulatory environments, and sources of revenue (federal, local bonds, ratepayer, self-funded, and privately funded). In addition, entities should align cross-sector policy environments as much as possible to reduce duplicative qualifications, diminish systems hurdles, and lessen bureaucracy (Fairchild et al., 2018).

Boston's Department of Innovation and Technology and other departments have made changes by streamlining their procurement processes and focusing on strategically structuring contracts to make contracting with the city more accessible and transparent (Edelman et al, 2017; Myers et al., 2021). The city of Tulsa worked with the Harvard Kennedy School Government Performance Lab (GPL) to redesign its solicitation templates to reduce administrative burden for business (e.g., by requiring fewer affidavits and signatures and putting key information up front rather than buried in the middle of documents). In addition, the city and the GPL hosted webinars for vendors about how to bid on city work, including how to read and respond to solicitations and live Q&A with purchasing staff (Harvard, 2022).

As noted above, Murrell and Bangs (2019) helped inform the adoption of a number of practices for creating accessible contracting processes in local government. The practices centered on two areas: (1) W/MBE capacity building and (2) creating accessible contracting processes. The textbox below provides a summary of the adopted practices related to accessible contracting processes.

Accessible Contracting Processes

1. Determine which government certifications reliably identify minority, women and socially and economically disadvantaged business ownership and control so participation can be accurately counted.
2. Design bid packages in such a way to promote rather than discourage participation.
3. Accelerate contract awards as well as payments to prime and subcontractors.
4. Include language in bid solicitations that clearly sets forth the objective of the policy and includes local government's anti discrimination clause.
5. Provide quarterly reports of W/MBE participation that can be readily accessed on the website and communication materials.
6. Maintain a searchable W/MBE database that can be readily accessed on the website.
7. Establish an advisory committee to provide feedback and support of local government's efforts.
8. Ensure that the job descriptions of leadership and managers within local government include a responsibility for understanding and adhering to the new W/MBE policy.

b.i. What is known about their effectiveness?

Similar to the literature from the Federal sector, there is little information about the effectiveness of equitable procurement practices described in the literature focused on state, local, and private entities. Based on the literature search methodology, only one study could be found that examined the effectiveness of specific practices.

Alkadry et al. (2019) analyzed survey responses from 207 U.S. regional and local governments to determine what factors drive the adoption of sustainable procurement practices (social, economic, and environmental). Sustainable procurement practices relevant to this review included the use of women-owned, minority-owned, and veteran-owned vendors/sub-vendors. Examining a range of organizational characteristics, the authors found that annual procurement volumes, number of staff in procurement, engagement in capital projects, and degree of centralization of the procurement process appear to play no statistically significant role in predicting the variance in engagement in sustainable procurement. The authors noted that the annual procurement volume of buyers is correlated with budget size and how much funding they have available to spend. The assumption is that entities with large annual procurement spending may have more influence on their contractors' procurement practices. In addition, entities with more staff in purchasing units may have greater capacity to handle the complexity of sustainable buying. Per the authors, capital projects or "new construction, expansion, renovation, or replacement project for an existing facility or facilities" may also be associated with sustainable procurement. Specifically, the authors noted that, the more capital projects an agency handles, the more

the agency may be inclined to engage in sustainable procurement. Centralization of the procurement process referred to whether the purchasing system is centralized or not. The authors noted that, the more centralized a public entity is, the more likely it is to engage in sustainable procurement.

However, the findings indicated that a higher degree of professionalism and greater access to decision-makers were associated with a greater likelihood of agencies engaging in sustainable procurement practices. In this study, professionalism referred to professional certification required for supervisors, and was measured by any national or state recognized certification for heads of central purchasing offices. The findings showed that, organizations that require their procurement heads to be certified, are more likely to engage in sustainable procurement. Greater access to decision-making was measured by the levels of management between the chief executive officer (CEO) of a public agency and the chief procurement officer (CPO). The findings showed that, as the level between the CEO and CPO decrease, engagement in sustainability practices increases.

c. What is known about the ability to scale these practices used/suggested in the Federal and state, local, and private sector?

The literature does not explicitly discuss the scalability of practices used or recommended in Federal, state, local, and private sectors to enhance equity in Federal procurement. However, there is substantial overlap in practices highlighted in the previous sections as indicated by their implementation across sectors and agencies, suggesting that these practices may be effective for implementation in other contexts. In addition, given that positive outcomes have been shown for some practices, expanding those practices may have positive impacts.

For example, reviewing agency set-aside policies and expanding the use of practices focused on preferential procurement are strategies that could be adopted across agencies. In addition, agencies may benefit from adopting outreach, marketing, technical assistance, and training strategies used by other agencies. Further, it may be useful to adapt specific practices used by local entities. Specifically, the practice of hiring and using staff dedicated to conducting outreach and providing technical assistance to minority-owned and women-owned business – currently used by a number of cities – may be a practice that could be implemented by Federal agencies. In addition, Government agencies could greatly benefit from enhancing their coordination with each other, especially with respect to outreach to and engagement with underserved communities, to maximize the potential reach for both agencies and participating small business contractors. Mentorship programs and activities to provide more networking opportunities are also practices that appear promising for adoption in different contexts.

Analysis and Discussion

Findings from the Federal sector literature show that, for advancing equity in Federal procurement, there are a wide range of practices that have already been implemented or are being suggested at the Government-wide and agency levels. Recommended practices generally address key topic areas, including (but not limited to): 1) increasing the number of procurement opportunities for businesses owned by groups who have been historically marginalized; 2) improving access to contracting opportunities for these businesses; 3) helping grow the business pipeline, including providing access to capital; 4) simplifying procurement processes; 5) conducting outreach and engaging communities; 6) providing technical assistance, training, and other supports such as networking/matching opportunities;

7) enhancing agency capacity and expertise; 8) supporting businesses with contract implementation and management coaching/support; and 9) collecting more useful data with which to monitor progress and outcomes.

Efforts at the state, local, and private level, have similar foci as the efforts used and suggested in the Federal sector. Key activities include improving data processes; setting specific procurement goals or targets; conducting outreach, technical assistance, and training, simplifying procurement processes and internal systems, and providing better access to capital and procurement opportunities.

As the literature indicates, there are no easy fixes or universal solutions for advancing equity in Federal procurement. Rather, meaningful progress in promoting equity in procurement requires strategies at all levels: the Federal, agency, local, business, and individual levels. In addition, it requires investment in resource and disruption of business-as-usual processes.

Essential foci for all entities should be sector diversification for existing businesses and the attraction and retention of new businesses owned by groups who have been historically marginalized. While many practices may be effective for promoting equity in procurement, agencies will not be able to use these practices—and practices will be of limited consequence—if there is an insufficient number of ready, willing, and capable businesses owned by groups who have been historically marginalized in those industries where businesses and Governments are purchasing. In addition, to ensure efficient use of limited resources, research is needed to determine which practices are most effective in both mitigating disparities *and* promoting equities.

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Appendix. Glossary of Terms

8(a) Business Development Program

As per the SBA, the 8(a) Program, established under Section 8(a) of the Small Business Act, is a business development program that offers SDBs training, technical assistance and federal contracting opportunities in the form of set-aside and sole-source awards. The 8(a) Program is generally limited to small businesses "unconditionally owned and controlled by one or more socially and economically disadvantaged individuals." 15 U.S.C. § 637(a)(4)(A).

8(a) STARS III

As per the GSA, the Best-in-Class 8(a) STARS III GWAC is a small business set-aside contract that provides flexible access to IT services and customized IT services-based solutions from a large, diverse pool of 8(a) industry partners.

Category management

As per the GSA, category management is the practice of buying common goods and services as an organized enterprise in order to improve the efficiency and effectiveness of acquisition activities.

Economically disadvantaged

As specified in the Code of Federal Regulations, economically disadvantaged individuals are individuals whose ability to compete in the free enterprise system has been impaired due to diminished capital and credit opportunities as compared to others in the same or similar line of business who are not socially disadvantaged. Currently, the net worth of an economically disadvantaged individual must be less than \$850,000, income must be less than \$400,000, and total assets less than \$6.5 million.

Economically disadvantaged women-owned small business (EDWOSB)

As per the SBA, an EDWOSB is a small business that is 51% or more owned and controlled by one or more women, each with a personal net worth less than \$850,000; with \$450,000 or less in adjusted gross income averaged over the previous three years; and each with \$6.5 million or less in personal assets.

Equity

As per the White House Executive Order, the term equity means the consistent and systematic treatment of all individuals in a fair, just, and impartial manner, including individuals who belong to communities that often have been denied such treatment, such as Black, Latino, Indigenous and Native American, Asian American, Native Hawaiian, and Pacific Islander persons and other persons of color; members of religious minorities; women and girls; LGBTQI+ persons; persons with disabilities; persons who live in rural areas; persons who live in United States Territories; persons otherwise adversely affected by persistent poverty or inequality; and individuals who belong to multiple such communities.

Executive Order

As per the Department of Justice, Executive Orders are official documents through which the President of the United States manages the operations of the Federal Government.

Federal procurement

The buying of goods and services by the US government.

Mentor Protégé Program (MPP)

As per the DoD, an MPP helps small businesses (protégés) partner with more experienced businesses (mentors) to gain capacity and win government contracts.

Minority-owned business

The Cornell Law School defines a minority-owned business as a business that is 51% or more owned and controlled by one or more individuals belonging to a socially disadvantaged designated group.

North American Industry Classification System (NAICS)

As per the U.S. Census Bureau, the NAICS is the standard used by Federal statistical agencies in classifying business establishments for the purpose of collecting, analyzing, and publishing statistical data related to the U.S. business economy.

Procurement Technical Assistance Program (PTAP)

As per the GSA, the PTAP was established to expand the number of businesses capable of participating in government contracts. Under the program, Procurement Technical Assistance Centers (PTACs) help businesses pursue and perform contracts with Federal agencies, state and local governments, and with government prime contractors.

Reauthorization

As per DC Advocacy Partners, when Congress authorizes a new agency or government activity, it defines the purpose, organization, and responsibilities of the federal government regarding a specific issue or realm of related concerns. Authorization paves the way for federal funding to be appropriated and spent to fulfill the purpose of the authorized agency or program.

Request for proposal (RFP)

As per the GSA, RFPs are used in negotiated acquisitions to communicate Government requirements to prospective contractors and to solicit proposals.

Section 7(j)

Section 7(j) of the Small Business Act authorizes SBA to provide management and technical assistance to eligible businesses.

Service-disabled veteran-owned small business (SDVOSB)

As per the SBA, a SDVOSB is a small business that is 51% or more owned and controlled by one or more veterans rated as service-disabled by the VA.

Set-aside contracts

As per the SBA, to help provide a level playing field for small businesses, the government limits competition for certain contracts to small businesses. Those contracts are called “small business set-asides,” and they help small businesses compete for and win federal contracts.

Simplified Acquisition Threshold (SAT)

As per the Federal Award Management Registration, the SAT is the dollar amount in federal acquisition represented by the anticipated award amount of a contract, under which contracting officers are directed to use simplified acquisition procedures to solicit and award the resulting contracts.

Small business

The SBA defines a U.S. small business as a concern that: is organized for profit; has a place of business in the U.S.; operates primarily within the U.S. or makes a significant contribution to the U.S. economy through payment of taxes or use of American products, materials or labor; and is independently owned and operated and is not dominant in its field on a national basis. SBA's size standards determine what constitutes a small business. See <https://www.sba.gov/document/support-table-size-standards>

Small business in Historically Underutilized Business Zone (HUBZone)

As per the SBA, a HUBZone business is a small business that is 51% or more owned and controlled by U.S. citizens, a Community Development Corporation, an agricultural cooperative, an Alaska Native corporation, a Native Hawaiian organization, or an Indian tribe.

Small disadvantaged business (SDB)

As per the SBA, a SDB is a small business that is 51% or more owned and controlled by one or more disadvantaged persons.

Sole source procurement

As per the DOJ, a sole source procurement (called an Other than Full & Open Competition) is when the government enters into a contract with a contractor without going through the typical competitive process as required by law because it deems that the contractor is the only source available that can meet the government requirements.

Underserved communities

As per the OMB, underserved communities refer to populations sharing a particular characteristic, as well as geographic communities, that have been systematically denied a full opportunity to participate in aspects of economic, social, and civic life.

Women-owned small business (WOSB)

As per the SBA, a WOSB is a small business that is 51% or more owned and controlled by women who are U.S. citizens.