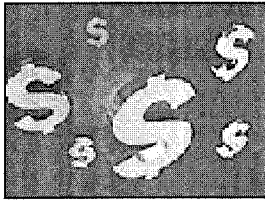


Source: Federal Contracts Report: News Archive > 2014 > Latest Developments > News > Small Business: New House Bills Would Increase Small Business Goal, Improve Bundling Data

Small Business**New House Bills Would Increase Small Business Goal, Improve Bundling Data**

By Jeff Kinney

Feb. 25 — House Small Business Committee Chairman Sam Graves (R-Mo.) Feb. 25 introduced two bills that would seek to help small businesses win more federal contracts.

The Greater Opportunities for Small Business Act would increase the federal government's goal for small business prime contracting from 23 percent to 25 percent, while the Contracting Data and Bundling Accountability Act would attempt to make reported data on bundled and consolidated contracts more transparent.

According to Graves, the bills would "go a long way towards increasing opportunities for small companies who want to grow and create jobs by doing business with the federal government."

However, Protora Law partner Devon Hewitt called the effort to raise the small business contracting goal "a political move" given that the federal government is perennially unable to meet its current target.

"The thinking is that if you raise it to 25, you might actually make 23," she said. "The bill isn't going to pass, and even if it does, they won't get near 25 percent."

Hewitt said increasing the percentage of contracting dollars awarded to small businesses "is like shifting an aircraft carrier" and noted that a similar bill was introduced last year.

Crowell & Moring Partner Amy O'Sullivan said it could be difficult for agencies to find more procurements that small businesses are equipped to handle as prime contractors. Moreover, this effort will not be unopposed.

"You're going to have to expect a delay in making something that has not been historically set-aside for small businesses into a set-aside," she said. "Large businesses are going to be very protective of what's in the full-and-open bucket."

Marc Efron, senior counsel at Crowell & Moring, said the contract bundling legislation could be a boon for small firms because bundling can result in contracts that are too large for them to handle. Thus, he said, it would be good to have better data on the extent of the practice.

"Bundling has been an issue that small businesses have complained about for years, so from their standpoint, transparency would be a significant benefit," he said.

Missed Goals Still 'Achievable'

According to Graves, the federal government spends about \$460 billion on contracts every year. He said raising the small business contracting goal from 23 to 25 percent would result in about \$10 billion worth of new business for small firms.

He noted that the government has missed the 23 percent goal for the past seven years, but said "past success proves it is achievable."

Other provisions in the Greater Opportunities for Small Business Act would:

- establish a goal of awarding 40 percent of all subcontracted dollars to small businesses, compared to the current goal of 36 percent; and
- increase reporting accuracy by requiring that only prime contract awards can count

BNA Snapshot

Greater Opportunities for Small Business Act of 2014; Contracting Data & Bundling Accountability Act of 2014

Latest Development: Bills introduced by House Small Business Committee Chairman Sam Graves (R-Mo.) would increase the federal government's goal for small business contracting from 23 percent to 25 percent and seek to bring more transparency to data reported on bundled and consolidated contracts.

toward the prime contract goal.

According to the Small Business Administration's latest Small Business Procurement Scorecard, agencies awarded 22.25 percent (\$89.9 billion) of their prime contracting dollars to small businesses in FY 2012, up from 21.65 percent in FY 2011.

The government also failed to meet its 5 percent contracting goal for women-owned businesses and 3 percent goal for firms in Historically Underutilized Business Zones; these companies won 4 percent (\$16.2 billion) and 2.01 percent (8.1 billion) respectively.

Small businesses collectively won 33.6 percent of all federal subcontracting dollars, down from 35 percent in FY 2011.

On the bright side, service-disabled veteran-owned small businesses received 3.03 percent (\$12.3 billion), essentially matching the 3 percent goal. Small disadvantaged businesses won 8 percent (\$32.3 billion), exceeding the 5 percent target.

Bundling Data 'Seriously Flawed.'

In announcing the bills, Graves cited "seriously flawed" data on contract bundling. "Some agencies claim not to have bundled a single contract in the 17 years since the original contract bundling legislation passed, but even a brief examination of contract practices suggests otherwise," he said.

As a result, the Contracting Data and Bundling Accountability Act would require a plan to improve data quality so that agencies are held accountable for accurate reporting.

"Properly labeling a contract as bundled or consolidated is incredibly important to small business competition, since the act of labeling the contract is what triggers a series of reviews and mitigation steps intended to promote opportunities for small businesses," he said.

In a report released last year, the Government Accountability Office (GAO) found that a lack of accurate data on the federal government's use of consolidated contracts may hamper efforts to keep such contracts from hurting small businesses (100 FCR 532, 12/10/13). In particular, the GAO questioned the reliability of reporting by the Defense Department and the General Services Administration after finding that a number of the contracting actions they recorded in the Federal Procurement Data System-Next Generation were inaccurately classified as consolidated contracts.

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