

**Statement of Calvin Jenkins
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**Before the Senate Small Business and Entrepreneurship Committee
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Introduction

Chairman Cardin and members of the Committee, thank you for inviting me here to Bowie State University to testify. Bowie State plays a key role in educating future business owners in this country, so I am particularly pleased to be here today to discuss the role the U.S. Small Business Administration (SBA) plays in supporting the small business community within the federal market place. I am Calvin Jenkins, the Deputy Associate Administrator for the Office of Government Contracting and Business Development at the SBA.

Business Environment

As Maryland prepares for the influx of new jobs that will come into the state as a result of the 2005 Base Realignment and Closure (BRAC) Commission recommendations, the SBA stands ready to provide small business owners with the tools they need to succeed in the federal contracting arena.

An important element of the federal contracting marketplace that has a dramatic impact on the US economy is the growth of minority-owned small businesses. According to the SBA's Office of Advocacy, in 2002, minorities owned 4.1 million firms that generated \$694.1 billion in revenues and employed 4.8 million workers. Of the 23 million non-farm firms, 6.8 percent were owned by Hispanic Americans, 5.2 percent by African Americans, 4.8 percent by American Indians or Alaskan Natives, and .14 percent by Native Hawaiian or Pacific Islanders.

Entrepreneurs, including minority entrepreneurs, face a number of challenges as they pursue their dreams and begin to create and expand their businesses. These challenges include: access to capital, the cost of health insurance, the need for training and technical assistance, access to federal contracts, and regulatory burdens. SBA is focused on addressing the challenges of small businesses, and in particular, minority-owned small businesses and entrepreneurs.

SBA Programs

The SBA administers two business development programs for small disadvantaged businesses. These programs are the 8(a) Business Development Program and the Small Disadvantaged Business (SDB) Certification Program. The 8(a) Program offers a broad scope of assistance to socially and economically disadvantaged firms, SDB certification strictly pertains to benefits in Federal procurement. The 8(a) BD program, established in the 1960s, offers training through the 7(j) program, teaming, mentor

protégé agreements and contracting assistance. Today, there are 8,867 firms participating in the 8(a) BD Program, with Federal contracting dollars of \$12.5 billion in FY 2006. Additionally, in 2006 Federal contracting dollars overall to Small Disadvantaged Businesses, including 8(a) was \$23 billion. SBA provided firms in the 8(a) program with business development training across the country through our 7(j) training program. This training consists of 80 workshops in 40 different cities and is being conducted by Unlimited Services Systems Management and Consultants, a small business located in Largo, Maryland.

Through the 8(a) BD Program and other business development programs, the federal government has made significant progress toward achieving its goal of 23 percent of prime contracting dollars to businesses that qualified as small businesses. In FY 2004, women-owned businesses grew from \$5.5 billion to \$11.6 billion in FY 2006, service-disabled veteran-small businesses grew from \$554 million to \$2.9 billion, firms located in Historically Underutilized Businesses Zones (HUBZones) increased from \$1.6 billion to \$7.2 billion, and overall small business grew from \$50.1 billion to \$77.7 billion.

Reforms

While deficiencies in the 8(a) Program have been identified by the U.S. Government Accountability Office (GAO) with respect to SBA oversight of contracting officers, the SBA takes this responsibility very seriously and has taken a number of steps to remedy the deficiencies found by the GAO. For instance, SBA has revised its Partnership Agreements, which delegate SBA's 8(a) contract execution function from SBA to various Federal procuring agencies (including the U.S. Department of Defense), to clarify their roles and responsibilities for monitoring contract compliance and performance by 8(a) participants. SBA has also increased training to field staff responsible for working on contracting issues, including the 8(a) BD Program. In addition, the Agency is exploring possible regulatory changes that will strengthen the program and increase SBA's oversight capabilities.

SBA recognizes the need to improve the management and effectiveness of its business development programs and has included a request for \$500,000 in its FY 2008 budget to examine how best to serve the 8(a), HUBZone, Small Disadvantaged Business Communities and women-owned and service-disabled veteran-owned small businesses, while not restricting the success of any one program. These resources will be used to analyze, among other things, training and the use of technology to determine how best to serve the businesses that use these products.

SBA is also working with the Office of Management and Budget's Office of Federal Procurement Policy, to carry out a number of improvements to the government contracting programs. These initiatives include working with agencies to ensure their small business contracting number reporting to FPDS-NG is accurate. The integrity of the data reported to Congress and the public is crucial to instill confidence in the Federal contracting system.

A great example of the progress being made in this area is SBA's recent publication of the first of a biannual Small Business Procurement Scorecard. The scorecard is a method of ensuring that federal agencies provide the maximum possible opportunity for small businesses in the federal marketplace, especially those categorized as socially and economically disadvantaged, consistent with statutory contracting goals. It reflects "current" performance, and more importantly "progress" federal agencies are making in improving such performance. The new scorecard uses the same approach as the President's Management Agenda to ensure that agencies have clear goals and action plans, that agencies are regularly assessed on their performance. Data integrity is a key element. Based on this approach, we rated 24 agencies red, yellow, or green for goal achievement and progress. The Scorecard can be viewed online at www.sba.gov. Additionally, the Scorecard is an important tool to both increase procurement opportunities for small businesses while more accurately measuring each individual Agency's results. This scorecard, along with the advances made in FPDS-NG, are significant steps in adding transparency and greater accuracy to the federal procurement process.

To better serve small business who do business with the government, SBA is redefining roles and responsibilities so that Procurement Center Representatives (PCRs) can devote more time to finding opportunities for small businesses with procuring agencies, while the district offices, SBA, and SBA's resource partners focus on providing training and counseling to get small businesses positioned to compete for federal contracts. Currently there are 53 PCRs serving small businesses throughout the federal marketplace. We have already begun to implement a plan to increase the number of PCRs to 66 by the end of FY 2008. Furthermore, a succession plan has been created to account for the future retirements of these PCRs. We are very focused on backfilling any positions that become vacant in a timely fashion as we realize the importance these individuals play.

I would like to take just a moment to let the committee know that SBA is in the process of implementing its new size recertification rules. This new regulation requires small businesses to recertify their size status on long-term contracts at the end of the first five years of a contract and thereafter whenever a contract option is exercised. In addition, recertification is required for short-term contracts, when a small business is purchased by or merged with another business. When contractors can no longer certify their small business size status, buying activities assigned to their company may no longer be counted as part of the purchasing agencies small business procurement goals. These changes do not affect the terms and conditions of the underlying contract, nor do they require termination of existing contracts where size status has changed. Ultimately, the new size recertification rules will ensure more accurate data and further support our efforts to help small businesses receive more prime contracts throughout the federal government.

This concludes my testimony before the Committee. Thank you for the opportunity to come to Bowie State to discuss these issues important to Maryland's small businesses. I look forward to answering any questions that you may have.

