

**STATEMENT OF
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U.S. GENERAL SERVICES ADMINISTRATION
BEFORE THE
COMITTEE ON SMALL BUSINESS
AND ENTREPRENEURSHIP
UNITED STATES SENATE
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Good afternoon, thank you for the opportunity to appear before you today to discuss access to Federal contracts for small businesses. I am Michael Rigas, Deputy Associate Administrator for Small Business Utilization at the General Services Administration (GSA), and I am pleased to be here this afternoon.

I am also happy to be here today at Bowie State University, because it is the home of the Procurement Acquisition Center of Excellence. In September 2004, GSA completed a competitive out-sourcing of the Federal Acquisition Institute in which we awarded a contract to SRA whose partner, Bowie State University, is a Historically Black University. The Procurement Acquisition Center of Excellence was established to support the Federal Acquisition Institute's goals and initiatives of sustaining procurement and acquisition professionalism, integrity and growth across the Federal workforce.

As the premier acquisition agency of the Federal Government, GSA's mission is to help Federal agencies better serve the public by offering, at best value, superior workplaces, expert solutions, acquisition services, and management policies.

Within GSA, the Office of Small Business Utilization works to ensure that small businesses have ample opportunities to compete in GSA procurements. We know that small businesses are the engine of our national economy and that they bring to the market new and innovative solutions to Government challenges; and a successful and strong small business community is integral to job creation, community empowerment and economic revitalization.

GSA works hard so that small, small disadvantaged, women-owned, Hubzone, veteran-owned, and service-disabled veteran-owned small businesses have every opportunity to participate in the Federal procurement process. GSA has significantly increased its spending with small businesses, and as an agency, we actually exceed the goals Congress has set.

The Small Business Act established an annual goal of awarding 23 percent of prime contract dollars goes to small businesses. At GSA, over 32 percent of all prime contract procurement dollars spent goes to small business. That impressive result is nearly 40 percent higher than the statutory goal of 23 percent. From FY 2005 to FY 2006, GSA increased its small business spending from \$1.5 billion to \$1.7 billion, an increase of over 13 percent. We are proud that we have surpassed the goals established by the Small Business Act.

But the story of GSA's support for small business doesn't end with our direct GSA contracting. GSA has a strong record of supporting small business contracting throughout the Government through the GSA Schedules Program and Government-wide Acquisition Contracts. Over 80 percent of the companies on GSA Schedules are small businesses. In FY 2005, through the GSA's Schedules program, Federal agencies awarded over \$12 billion in schedule orders to small business. That amount increased to over \$13 billion for FY 2006, which is approximately 37% of all prime contracting Schedules spending government wide going to small business.

It gives me great pleasure to tell you that we also recently awarded our GSA IT Infrastructure Technology Global Operations (GITGO) contract to an 8(a) Service Disabled Veteran Owned Small Business headquartered in the State of Maryland. We determined this opportunity, valued at over \$200 million dollars, could be competed amongst, and awarded to, small business, if those businesses were given the chance. And now an 8(a) Service Disabled Veteran Owned Small Business is providing alignment of GSA's IT helpdesk operations and supporting the desktops, laptops, and servers of GSA's approximately 15,000 employees and contractors in 500 plus locations around the world, including Puerto Rico, Europe, and Asia.

This success story for small business is a direct result of GSA's policy on bundling, and the commitment of our Administrator, Lurita Doan, to expanding opportunities for small businesses. As one of the few Government agency heads who was an entrepreneur, a former small and minority business owner, and a Federal Government contractor, Ms. Doan is our agency's biggest advocate for small business. She knows from experience that starting a business is hard, that sustaining and growing a business is even harder. She is determined, as the Administrator of GSA, to do whatever is within her power to ensure that doing business with GSA is not one of those hardships.

GSA's guidelines toward contract bundling dictate that any time consolidation of two or more existing contracts that are already performed by, or could be performed by, small business are considered, then the acquisition plan must address contract bundling.

The General Services Administration Acquisition Manual (GSAM) states that contract requirements must be structured to "facilitate competition by and among small business concerns" and that contracting officers must "avoid unnecessary and unjustified bundling that precludes small business participation as contractor."

In order to discourage unnecessary bundling, GSA has issued specific steps that must be taken if an order is considered for bundling. Those steps include, conducting market research to determine if bundling is necessary, assessing the impact on small business, and determining if bundling would have "measurable substantial benefits" to the Government.

As I mentioned earlier, in addition to our agency specific procurement opportunities, GSA manages the Federal Acquisition Service's Multiple Award Schedules Program (Schedules or the Schedules Program). The Schedules Program is a standardized procurement process whereby contracts are established with firms for commercial off the shelf products, services, and solutions. The Schedules Program offers Federal agencies a broad range of products and services from private sector vendors and suppliers at prices that have been negotiated by GSA and meet accepted levels of expertise, performance and best value.

For Federal agencies, this program represents a much more simplified procurement process. Federal agencies turn to these Schedules contracts to fulfill agency

requirements, knowing that they can depend on the quality of the products or services these companies provide. And I am happy to report as noted above that 80 percent of the companies which hold GSA Schedules contracts are small businesses. The Schedules, in short, offer small businesses an expansive avenue of potential work with the Federal Government.

The ordering procedures applicable to the Schedules Program make it easier for GSA and other agencies to reach small businesses. Contracting officers ordering via GSA's Schedules may make socioeconomic status a primary evaluation factor when making a best value determination, and, GSA specifically asks our customers about their socioeconomic goals when we conduct an assisted acquisition.

Historically, however, it has taken too long to review offers and award contracts under GSA's Multiple Award Schedule Program. Under the leadership of Administrator Doan, GSA has had a number of successes in opening doors to small businesses. During the past year, we have reduced the amount of time it takes for an eligible small company to apply for and receive a GSA Schedules contract from over 157 days to 30 days.

We at GSA pledge to continue to improve, and to keep fighting, to make sure that any small company with a great idea will have a much easier path of obtaining a GSA Schedule than ever before, and to make sure that GSA does a good job of tracking that participation.

Our Office of Small Business Utilization assists small businesses by answering the many questions that are submitted by phone, e-mail, letters, and in person. We consult with most companies over the phone; however, we also conduct one-on-one counseling sessions to help companies in understanding and participating in the Federal procurement process. We also attend procurement conferences to conduct workshops that teach small business owners how to do business with GSA.

GSA has many resources available to help small businesses and provide them with useful information. One such resource is our *Doing Business with GSA* booklet, which is geared toward new and prospective contractors. It explains the process, offers practical advice, and lists helpful websites, including www.gsa.gov/sbu.

Our website also provides links to better help small businesses better understand how to get started with Government contracts. It provides them with points of contact and keeps them informed of upcoming conferences in which we will be participating.

Mr. Chairman, GSA has a strong record of supporting small businesses and small business contracting. We conduct hundreds of outreach events a year across the country for small businesses, to open doors to Federal contracting opportunities to them, and continually work to improve on our already impressive performance record with regards to small business contracting. We share the Administration's view that small businesses are the backbone of our economy. I am sure we share this Committee's view that a

healthy small business community contributes mightily to the health of our national economy.

Mr. Chairman, I thank you for the opportunity to appear before you today. I will be happy to answer any questions you and other members of the Committee may have.