



U.S. SMALL BUSINESS ADMINISTRATION

WASHINGTON, D.C. 20416

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Before the

**Subcommittee on Government Management, Organization, and Procurement
Oversight and Government Reform Committee**

“Minority Contracting: Opportunities and Challenges for Current and Future Minority-Owned Businesses”

September 22, 2010

Good morning.

Thank you, Chairwoman Watson, Ranking Member Bilbray, and the other members of this subcommittee. I'm honored to be testifying on this important topic.

Minority business ownership is something I am deeply passionate about. I grew up in a small business family. Years ago, my grandfather started a landscaping business in Indiana, and he helped my uncle start his own business. So I've seen firsthand what it takes to own a business, and how important business ownership is to minority communities.

I am eager to work with you and this committee, to hear your questions and discuss how we can best support minority-owned small businesses.

In these tough economic times, minority-owned small businesses have been especially hard hit. According to a study by SBA's Office of Advocacy, on average, minority-owned firms have lower receipts and fewer employees, and are less likely to have access to capital than non-minority-owned firms.¹ It is essential that we do all we can to support minority-owned small businesses in a comprehensive way, not just through federal procurement but through increased access to capital and more counseling options as well.

As you know, Congress set the goal of awarding 23 percent of all federal contracting dollars to small businesses. Congress also created goals for women owned businesses, service-disabled veteran-owned small businesses, businesses in HUBZones, and socially and economically disadvantaged businesses, also known as SDBs, which include many of our minority firms.

¹ Office of Advocacy, U.S. Small Business Administration. *Minorities in Business: A Demographic Review of Minority Business Ownership*. April 10, 2007. <http://www.sba.gov/advo/research/rs298tot.pdf>

These goals—especially the SDB goal—reflect the capacity of minority-owned small businesses and help the government to ensure that these companies receive a fair share of federal contracting opportunities.

We are proud that in Fiscal Year 2009, 7.5 percent of contracts, or over 7 billion dollars, went to SDBs. The 7.5 percent exceeds the statutory goal of 5 percent. SDBs have also been successful in winning Recovery Act contracts. So far, nearly 12 percent of Recovery Act contracts, or 3.7 billion dollars, has gone to SDBs.

Moreover, SBA has programs in place that expand businesses' capacity—including minority-owned businesses—so they can compete for and win government contracts. Chief among these is 8(a). The 8(a) program is a 9-year business development program for socially and economically disadvantaged businesses, the majority of which are minority owned.

Participants receive business development—including technical assistance, and the chance to work alongside larger firms in a mentor-protégé relationship.

8(a) has helped thousands of businesses across the country. In Jacksonville, Florida, A. Harold and Associates provides training, tech support, and project management for clients across the country. Owner Andy Harold created 24 new jobs after enrolling in the 8(a) program.

Andy served 10 years as a Navy helicopter pilot. Afterwards, he started working for a company that did helicopter training for the Department of Defense using multimedia. In 2003, he broke out and started his own business. He's been growing ever since. In 2005, he got his first SBA loan and landed his first contract, and a year later he got a bigger contract through one of SBA's local matchmaking events.

In 2007, he entered SBA's 8(a) Business Development program and hired 24 new staff. He has since won a number of government contracts, including one to support the electrical kit for a simulator which trains our troops for when vehicles get flipped over on the battlefield. Andy has taken advantage of several SBA loans, including two Recovery Act loans which helped him create 10 new jobs.

In Los Angeles, J&P Construction saw their sales increase ten-fold since entering the 8(a) program. The company recently graduate from the program, and has agreed to come back and mentor new 8(a) businesses.

Owner Jeff Ploutz founded J&P Construction in 1995. In 1999, the company enrolled in the 8(a) program. Since then, J&P has been awarded over 100 contracts, worth over \$36 million, from government agencies such as the Army Corps of Engineers, the Air Force, the Naval Air Weapons Station China Lake, and the Naval Air Weapons Station Lemoore.

The company proudly graduated from the 8(a) Program on Aug. 24, 2008, as a thriving local construction company that is well respected and sought after by agencies throughout California.

Because of their success in the program J&P Construction is eager to share their knowledge and experience with others. With that in mind, J&P Construction has agreed to mentor companies that are new in the 8(a) program to pass on the lessons learned and help these businesses grow and be successful.

Of course, despite the success of the 8(a) program, we still have more work to do.

In late 2009, the SBA proposed new regulations to strengthen the integrity of the program. The proposed changes are the result of the first ever comprehensive review of the program and cover a variety of areas, including:

- Joint Ventures—quantifying that 8(a) firms are required to perform a significant portion of the work to ensure that these companies are able to grow and build capacity
- Economic Disadvantage—providing more clarification on economic disadvantage as it relates to total assets, gross income, retirement accounts and a spouse of an 8(a) company owner in determining the owner's access to capital and credit
- Mentor-Protégé Program—requiring that assistance provided through the Mentor-Protégé relationship is directly tied to the protégé firm's business plan and not the interests of the mentor.
- Ownership and Control Requirements—providing flexibility in admitting individuals of immediate family members of current and former 8(a) participants
- Tribally-Owned Firms—seeking public comments on the best way to determine whether a tribe meets the criteria of being economically disadvantaged for the 8(a) program
- Excessive Withdrawals—amending regulations on what is considered excessive as a basis for termination or early graduation from the 8(a) program
- Business Size for Primary Industry—requiring that a firm's size status remain small for its primary industry code during its participation in the 8(a) program.

We are very close to moving forward with these recommendations and implementation will follow publication of the final rule.

Furthermore, SBA has made strong, robust oversight a top priority. We are working to root out fraud, waste, and abuse in our certification programs with a three step process: improving certification, strengthening monitoring and oversight, and increasing enforcement.

In addition, the President's Task Force on Government Contracting came back with a number of concrete, actionable recommendations to address the challenges and barriers to success for small businesses seeking federal contracts.

These recommendations fall into three categories:

- clearer, stronger policies at federal agencies, including better guidance on how to do small business set-asides and implement effective mentor-protégé programs;
- a better-trained federal workforce, with stronger certification and training requirements, coupled with meaningful “carrots and sticks” to help agencies reach their goals; and,
- more user-friendly tools and technologies, such as improving FedBizOpps to be a one-stop resource for small businesses looking for matchmaking events, subcontracting opportunities, agency contact information, and more.

This fall, SBA will be announcing its Advisory Council on Underserved Communities. The Council will work on strategies to promote business growth and entrepreneurship in traditionally underserved communities. I’m excited to be leading this.

Finally, minority contractors will be helped by resolving the issue of parity. A current court decision would give HUBZone businesses preference above other set-aside programs, potentially redirecting millions of dollars away from 8(a) businesses.

In closing, let me say that everyone at SBA is aware of the need to support minority-owned small businesses. We are proud of the programs we have in place, but we must work diligently and continue to improve. I’m looking forward to working with Congress and this committee to enhance the tools we have to reach minority-owned small businesses and get them the contracts, capital, and counseling they need.

EXECUTIVE SUMMARY
INTERAGENCY TASK FORCE ON FEDERAL CONTRACTING OPPORTUNITIES FOR SMALL BUSINESSES

“[E]nsuring small businesses can thrive is about more than economic success. It’s also about who we are as a people. It’s about a nation where anybody who’s got a good idea and a willingness to work hard can succeed. That’s the central promise of America.”

President Barack Obama

Small businesses are leaders in innovation and drivers of the economy. Small businesses hold more patents than all of the nation’s universities and largest corporations combined, and create two thirds of all private sector jobs, employing half of all working Americans.

The Federal government is the largest buyer in the world, spending over \$500 billion each year. For the Federal government, contracting with small businesses is common sense. Small businesses get the revenue they need to create jobs and drive the economy forward, and federal agencies get the creativity, innovation, and technical expertise of small businesses to help accomplish their mission. When small businesses are excluded from federal contracts, the Federal government, American taxpayers and the nation’s economy lose out.

Over 30 years ago, Congress set a goal of having a certain portion of all federal contracting dollars go to small businesses and established sub-goals for small businesses owned by women, socially and economically disadvantaged individuals, and service-disabled veterans of the Armed Forces, and for small businesses in Historically Underutilized Business Zones (HUBZones). The current government-wide goal for small businesses’ share of contracting dollars is 23%. Every year since 2006, the Federal government has missed the 23% small business goal and all but one of the sub-goals; the 2009 shortfall was greater than \$4 billion. Removing barriers to federal contracting and increasing access for small businesses will go a long way in closing this gap.

Over the past 18 months, the Federal government has taken important steps to increase opportunities for small businesses, from creating new online training for small businesses to issuing a proposed rule to create set-asides for women-owned small businesses in industries in which women are underrepresented. Last summer, the Department of Commerce and the Small Business Administration (SBA) co-led a government-wide effort that involved over 300 matchmaking and training events across the country to ensure American Recovery and Reinvestment Act (Recovery Act) contracts were awarded to a broad array of small businesses. With over 31% of Recovery Act contracting dollars going to small businesses, this initiative proved that, with committed leadership and the right tools, the government has the ability to meet – and exceed – the 23% small business contracting goal.

In keeping with this commitment to small businesses, the President established the Interagency Task Force on Federal Contracting Opportunities for Small Businesses to ensure small businesses can participate in the Nation's economic recovery, including small businesses owned by women, minorities, socially and economically disadvantaged individuals, and service-disabled veterans of our Armed Forces, as well as HUBZone small businesses. The Task Force – co-chaired by SBA, the Office of Management and Budget (OMB) and Commerce, and including twelve other federal agencies – created five working groups to address key barriers for small businesses in federal contracting. The working groups met, heard from key stakeholders, and identified three priority objectives:

Stronger rules. Insufficient guidance and gaps in current policy hamper the use of tools that provide contracting opportunities for small businesses. The Task Force recommends actions to strengthen and update policies where they are weak or outdated and develop policies where they are lacking.

A better equipped, more informed and more accountable acquisition workforce. A lack of knowledge and agency accountability inhibits the government's ability to meet and exceed small business procurement goals on an ongoing basis. The Task Force recommends increasing the knowledge base and efficiency level of the procurement workforce and providing appropriate incentives and accountability for agencies to meet small business goals.

Improved outreach and better use of technology and data. The current data systems in the federal acquisition environment are cumbersome and not user friendly for many small businesses, especially for those who are new to the systems and trying to "get their foot in the door." The Task Force recommends a one-stop shop for easier access to procurement information, as well as greater focus on the accuracy of procurement data.

In the following report, the Task Force outlines the key recommendations and actions needed to meet these priority objectives. The Task Force will report to the President by December 30, 2010, on progress in the implementation of the recommendations in this report.

SBA, Commerce, OMB, and the other members of the Task Force are committed to increasing opportunities for small businesses. Small businesses, including businesses owned by women, socially and economically disadvantaged individuals, and service-disabled veterans of our Armed Forces, must be able to participate in the Nation's economic recovery. They must be able to compete effectively for federal contracts so our agencies, taxpayers, and the broader economy can reap the full benefit of their talents and services.

REPORT
INTERAGENCY TASK FORCE ON FEDERAL CONTRACTING OPPORTUNITIES FOR SMALL BUSINESSES

Small businesses are leaders in innovation and the drivers of the economy-- holding more patents than all of America's universities and largest corporations combined, creating two thirds of all private sector jobs and employing half of all working Americans.

The Federal government is the largest buyer in the world, spending over \$500 billion each year. For the Federal government, contracting with small businesses is common sense. Small businesses get the revenue they need to create jobs and drive the economy forward, and federal agencies get the creativity, innovation, and technical expertise of small businesses to help accomplish their mission. When small businesses are excluded from federal contracts, agencies, small businesses, taxpayers and the broader economy lose out.

For more than half a century, it has been the policy of the Federal government to provide "maximum practicable opportunity" for small businesses to participate in federal contracts. To achieve this objective, Congress established an aspirational goal in 1978 for the percentage of annual prime contract spending that should be awarded to small businesses each year. Congress later set the government-wide goal at 23% and created a set of sub-goals to support the participation of special segments of the small business community: small disadvantaged businesses (5%), women-owned small businesses (5%), service-disabled-veteran-owned small businesses (3%), and small businesses in Historically Underutilized Business Zones (HUBZones) (3%). These goals help ensure that a diverse set of small businesses share in the jobs and opportunities created by federal contracting.

Since 2006, the Federal government has missed the 23% small business contracting goal and all but one of the sub-goals; the 2009 shortfall for the small business goal was more than \$4 billion. This gap must be closed.

The barriers to entry for small businesses are numerous: weak policies and rules that limit the effectiveness of tools that are supposed to facilitate contracting opportunities; inadequate workforce training to help contracting officers, small business advocates, and program offices understand how to successfully use contracting tools; and a lack of coordination among and accessibility to agency training and outreach events designed to help small businesses navigate the contracting system. Action must be taken to remove these barriers and ensure small businesses get access to federal contracts.

A number of important steps have been taken or are underway to remove barriers and open more doors for small businesses in the federal marketplace.

- Later this year, the Small Business Administration (SBA) will implement a new rule on contracting with women-owned small businesses. For the first time, contracting officers will have a tool to set aside contracting opportunities for women-owned small businesses in

industries where women are under-represented. This is a critical step toward increasing opportunities for women-owned small businesses.

- This year SBA conducted the **first comprehensive review of regulations in ten years governing its 8(a) business development program for disadvantaged small businesses to ensure** the program's effectiveness and increase 8(a) firms' capacity to obtain contracts.
- A series of **new online training courses** have been rolled out (www.sba.gov/training) to walk small business owners through the steps involved in becoming a government contractor. These tools help small businesses navigate the process.
- SBA is conducting a **comprehensive review of its size standards** for small businesses – the first in 25 years – to ensure they accurately reflect the state of each industry.
- SBA is working actively to identify and **eliminate waste, fraud, and abuse** in its business programs through a strengthened certification, eligibility and enforcement process.

Additionally, last summer, through the American Recovery and Reinvestment Act (Recovery Act), SBA and Commerce co-led an effort that included over 300 outreach and matchmaking events across the country executed by various agencies to inform businesses of contracting opportunities under the Recovery Act. Today, over **31 % of federal Recovery Act contracting dollars have gone to small businesses** and as of September 3, 2010 we have hit or exceeded all of the sub-goals. This work has helped agencies to benefit from small business expertise and small businesses to grow their revenues and create jobs.

The Recovery Act demonstrates that – with committed leadership and the right tools – small businesses can participate in the federal marketplace. This success and focus from the top must be replicated.

This spring, to ensure his commitment to the Nation's small businesses is reflected across the government, the President established an Interagency Task Force on Federal Contracting Opportunities for Small Businesses, co-chaired by SBA, the Department of Commerce, and the Office of Management and Budget (OMB), to develop proposals and recommendations for ensuring that small businesses – including firms owned by women, minorities, socially and economically disadvantaged individuals, and service-disabled veterans of our Armed Forces – are given fair access to Federal government contracting opportunities. A copy of the President's April 26, 2010, Memorandum establishing the Task Force is set forth in the Appendix.

This Task Force, which included more than a dozen federal agencies (see section 2 of the President's Memorandum for a list of members), created working groups to identify ways to improve contracting authorities and strategies, workforce training and agency accountability, data quality and access to information through technology and outreach, training for small

businesses, and access to capital. Each working group focused on identifying actionable recommendations that would have maximum benefit for small businesses.

To help inform the development of its recommendations, the Task Force conducted a variety of outreach efforts, including a public meeting in Washington, D.C., on June 28, 2010, which was attended by more than 450 individuals (including representatives of small businesses and small business associations), the creation of a small business task force mailbox for written comments, and several focus group sessions. Through these efforts, interested parties were invited to offer their views on the challenges small businesses face in pursuing federal contracts, on best practices for overcoming these challenges and increasing small business participation in the federal marketplace.

Based on the working groups' analysis and comments collected from stakeholders at the public meeting in June, the Task Force has developed a number of recommendations to provide for clearer and more comprehensive small business contracting policies, a better trained acquisition workforce, and improved accessibility to federal procurement opportunities for small businesses. The Task Force recommends specific action in three key areas:

Stronger regulations and guidance. Policy weaknesses, such as insufficient guidance on the use of Mentor-Protégé programs or the lack of guidance on set-asides for orders, are hampering the use of existing small business contracting authorities and the opportunities they are intended to provide for small businesses. Rules for reserving work for small businesses should be updated – with statutory and regulatory changes when needed to increase consideration of set-asides for the billions of dollars in work that is awarded through task and delivery orders that may be suitably performed by small businesses. Reviews of contract bundling – where an agency consolidates requirements that were previously provided or performed under separate smaller contracts into a single contract that is unlikely to be suitable for award to a small business – must be tightened to prevent unjustified bundling and to ensure appropriate mitigation strategies are used to identify alternative options for small businesses where bundling is necessary and justified. Subcontracting plan practices should be improved so that contracting officers can properly evaluate proposed small business participation, monitor performance and ensure prime contractors keep their promises to provide work to small business subcontractors. Mentor-Protégé programs should be promoted through a new government-wide framework to give small businesses the opportunity to develop under the wing of experienced large businesses.

A better equipped and more informed acquisition workforce. The Federal government's ability to meet small business goals is weakened by insufficient understanding of small business programs coupled with the lack of agency accountability. Workforce training should be required for contracting officers, small business specialists, and program managers to strengthen agencies' ability to use contracting authorities in the most effective manner possible. "Carrots" and "sticks" should be used to instill a stronger sense of accountability for meeting goals. Best practices from different agencies should be shared and replicated across the government, facilitated by SBA.

Improved outreach and better use of technology and data. The current information and data systems in the federal acquisition environment are cumbersome and difficult to access for many small businesses, especially those that are new to the systems and trying to get their foot in the door. The functionality of the government's one-stop source for federal prime contract business opportunities, "FedBizOpps," should be enhanced to identify upcoming outreach events and to provide an online small business training directory. The same platform can also be used to provide easy access to information on subcontracting opportunities for small businesses and annual forecasts of every agency's projected prime contracting needs for the coming year. Finally, the usability and quality of data needs to be improved to support user needs for better business intelligence and to prevent data entry errors that hinder the integrity and accuracy of small business contracting information.

Additional discussion of the Task Force's recommendations is below. These recommendations are designed so that they may be accomplished, to the maximum extent practicable, through administrative and regulatory actions by the Executive Branch, with efforts beginning immediately and led by the organizations identified in connection with each stated action. The Task Force will report to the President by December 30, 2010 on progress in the implementation of the recommendations in this report.

The recommendations in this report are the first step. The Task Force will propose additional appropriate steps as it implements these recommendations and evaluates progress.¹ The Task Force is committed to increasing opportunities for small businesses in the federal marketplace so that our agencies and taxpayers can reap the full benefit of their talents and services.

¹ While the recommendations in this report focus on increasing the participation of small businesses in federal contracting, the Task Force noted that there may be opportunities to leverage the combined talents of small businesses and the nonprofit organizations of the AbilityOne Program that employ people who are blind or have other significant disabilities to create new opportunities for both communities. The Task Force will be exploring these ideas further in the coming months.

SUMMARY OF RECOMMENDATIONS

Develop clearer and more comprehensive small business contracting policies:

- **Recommendation 1:** Update acquisition policies and regulations to provide clear guidance on small business set-asides and related tools.
- **Recommendation 2:** Issue guidance clarifying practices and strategies to prevent unjustified contract bundling and mitigate any negative effects of justified contract bundling on small businesses.
- **Recommendation 3:** Develop a government-wide framework for Mentor-Protégé programs and clarify rules for small business teaming.
- **Recommendation 4:** Strengthen the requirements for small business subcontracting plans and enhance the electronic subcontracting reporting system.
- **Recommendation 5:** Identify where focused efforts will likely have the most positive effect on increasing small business utilization in prime contracting.
- **Recommendation 6:** Clarify the relationship between policies that address the rebalancing of agencies' relationship with contractors and small business contracting policies, and evaluate the impact of in-sourcing on federal small business contractors.
- **Recommendation 7:** Conduct a full review of the SBA Surety Bond program, the financial products it offers, and its current funding to determine if it is meeting the current needs of small businesses.

Provide for a better trained workforce and hold agencies accountable for meeting small business goals:

- **Recommendation 8:** Strengthen the skills of the acquisition workforce by revising existing core certification, requiring training on small business contracting, procurement policies and regulations, and creating focused refresher materials for continuous learning.
- **Recommendation 9:** Use meaningful “carrots and sticks” to create a greater sense of agency accountability for reaching small business federal contracting goals.
- **Recommendation 10:** Facilitate the identification and rapid adoption of best practices across the agencies to maximize successful strategies.

Leverage technology to enhance transparency, increase federal procurement accessibility for small businesses, and improve data quality:

- **Recommendation 11:** Enhance FedBizOpps, the government-wide point of entry on business opportunities, to also serve as a one-stop resource for annual requirements forecasting agencies' prime contracting opportunities and for posting subcontracting opportunities, the outreach calendar of all federal agency matchmaking and training events, and as a directory of online agency small business resources.
- **Recommendation 12:** Improve the accessibility and usability of small business procurement data in the Federal Procurement Data System (FPDS).
- **Recommendation 13:** Improve data quality related to small business contracting through use of validation rules and improved systems integration.

SUGGESTED PRIORITIES AND RECOMMENDED ACTIONS

PRIORITY: DEVELOP CLEARER AND MORE COMPREHENSIVE SMALL BUSINESS CONTRACTING POLICIES

Policy weaknesses, such as insufficient guidance on the use of Mentor-Protégé programs or the lack of guidance on set-asides for orders, are hampering the use of existing small business contracting authorities and reducing the opportunities they intended to provide for small businesses. Policies should be strengthened in a manner that both increases small business utilization and preserves processes that are efficient and achieve the best value for our taxpayers.

Recommendation #1: Update government-wide acquisition policies and regulations to provide clear guidance on when and how set-asides and related tools should be used to increase opportunities for small businesses.

The Small Business Act and the Federal Acquisition Regulation (FAR) require agencies to reserve acquisitions for award to small businesses, or certain subsets of small businesses, if there are two or more responsible small businesses capable of performing the work at fair and reasonable prices. Set-asides are one of the most powerful tools agencies have for creating opportunities for small businesses – accounting for approximately half of the \$97 billion in awards to small businesses in FY 2009. Under current policies, set-aside considerations are made prior to the award of a contract. Many of these awards are for “task and delivery order” contracts, where the vast majority of work is placed through orders made after contract award. These contracts have become increasingly popular over the past 15 years, as have the Federal Supply Schedule (Schedule) contracts managed by the General Services Administration (GSA), because all of these vehicles allow agencies to run streamlined competitions among multiple contractors and make awards simply and quickly to keep pace with mission demands. As a result, there has been a general reluctance among acquisition policy officials to advocate for regulatory changes that might require the mandatory application of set-asides to orders in the same manner that law and regulation currently require for contracts. Although set-aside requirements continue to apply to the initial award of task-and-delivery-order contracts, these contracts generally are not set aside (with a few exceptions noted below) because they typically are broad in scope, and small businesses often lack the capacity to perform all the work that might be required during the life of the contract.

The Government Accountability Office (GAO) issued a legal opinion in 2008 holding that rules calling for small business set-asides must, as a matter of law, be applied to orders. GAO’s opinion, while not binding on the Executive Branch, is reportedly being followed by some agencies but not by others, and the ensuing legal uncertainty led to the introduction of legislation in the Senate (S. 2989) this past spring addressing the use of set-asides for orders.

Some task-and-delivery-order contracts, such as GSA's Small Business Alliant government-wide acquisition contract (GWAC), 8(a) STARS GWAC and VETS GWAC, and NIH's upcoming Chief Information Officer – Solutions and Partners 3 GWAC for small businesses, have been set aside for small businesses, and experience with those contracts proves that, with proper planning and outreach, it is possible to achieve both contract efficiency and strong small business participation. Additionally, GSA's recent award of its new Schedule blanket purchase agreements for discounted office supplies, where 13 of 15 awards were made to small businesses, including two SDVOSBs, suggests that set-asides are not the only tool that can facilitate small business participation for orders. In this case, strong small business participation was achieved because GSA treated socioeconomic status of the prospective providers as a primary evaluation factor. To date, however, there has been no attempt to create a comprehensive policy for orders placed under either general task-and-delivery-order contracts or Schedule contracts that rationalizes and appropriately balances the need for efficiency with the need to maximize opportunities for small businesses. Existing tools that might help direct additional work toward small businesses, such as the consideration of socioeconomic status for Schedule orders and partial set asides for contracts, appear to be underutilized and misunderstood. Many public comments offered to the Task Force voiced frustration over the continued failure of policy officials to tackle these issues. Some commenters pointed out that even a small increase in task-and-delivery-order awards made to small businesses could help the government meet its small business goals.

Recommended actions:

- OMB's Office of Federal Procurement Policy (OFPP) should lead an effort, in close collaboration with SBA and GSA, as well as the Department of Defense (DoD) and other contracting agencies, to determine which steps are (or should be) permitted, which encouraged, and which required with respect to reserving individual orders for small businesses under task-and-delivery-order and Schedule contracts. The review should also take into account the effectiveness of existing tools, including partial contract set-asides and the consideration of socio-economic status in placing Schedule orders.
- In conducting the analysis, OFPP should reach out to interested stakeholders, including agency Chief Acquisition Officers (CAOs), Senior Procurement Executives (SPEs), and Small Business Directors; Offices of Small and Disadvantaged Business Utilization (OSDBU); Procurement Technical Assistance Centers; Congress; small and large businesses; and professional and trade associations.
- Where it is determined that statutory changes are warranted, OFPP should work with Congress and other stakeholders to support the development of appropriate legislation.
- When appropriate (taking into account possible statutory and regulatory changes), OFPP should issue guidance addressing the use of set-asides and related authorities for limiting consideration for task and delivery orders to small businesses. Guidance should also

address existing set-aside and related policies, as necessary. General guidance should be drafted jointly with SBA, and with GSA as to guidance affecting the Schedules.

- Where, in the absence of (or in advance of) statutory changes, amendments to the FAR will be helpful in providing clear guidance in this area, the Federal Acquisition Regulatory Council (FAR Council) should take actions to amend the FAR.

Recommendation #2: *Issue guidance clarifying practices and strategies to prevent unjustified contract bundling and mitigate any negative effects of justified contract bundling on small businesses.*

Results of SBA's most recent Small Business Scorecard suggest that a number of agencies continue to face challenges in carrying out their responsibilities under statute and regulation to address contract bundling and that there would be benefit in reviewing agency policies and highlighting those that are the most effective. These challenges are not new. In 2007, the Acquisition Advisory Panel established by Congress to review the acquisition system concluded that steps should be taken to help agencies develop techniques for mitigating the negative effects of contract bundling on small businesses where bundling is justified. It noted that the lack of guidance "contributes to the workload pressures facing [the] acquisition workforce, undermining its ability to plan and award acquisitions efficiently." GAO agreed with the Panel's conclusion. The Panel's recommendation has not been acted on and should be implemented.

Recommended actions:

- Agencies subject to the Chief Financial Officers Act should provide copies to SBA of their internal bundling policies and procedures. SBA, in consultation with OFPP, should issue guidance identifying best agency practices for preventing unjustified bundling and mitigating the effects of justified contract bundling.
- SBA should issue a report for the FAR Council on the need for additional FAR coverage on contract bundling.
- The Federal Acquisition Institute (FAI) and the Defense Acquisition University (DAU) should incorporate identified best practices and strategies currently in use by agencies with respect to bundling into government-wide training materials.

Recommendation #3: *Develop a government-wide framework for Mentor-Protégé programs and clarify rules for small business teaming.*

Mentor-Protégé programs offer important opportunities for small businesses to strengthen their capabilities with the developmental assistance of established large businesses. A number of federal agencies have developed models for using Mentor-Protégé programs, but this tool may be underused due to lack of government-wide guidance that addresses small business concerns when entering into these agreements. Similarly, teaming arrangements among small

businesses contractors can enhance those firms' ability to compete for larger contracting opportunities, but these arrangements are underutilized because of confusion regarding their legal effects (that is, whether a small business participating on a team retains its small business status).

Creating a government-wide framework for Mentor-Protégé programs and additional guidance on teaming arrangements could facilitate greater use of strategic partnerships and create more opportunities for small businesses.

Recommended actions:

- SBA should convene a panel of government agencies that are users of Mentor-Protégé programs to develop a government-wide program framework. This process should include the development of metrics to measure program effectiveness and incentives to form Mentor-Protégé relationships.
- SBA should clarify the application of affiliation rules so small and large businesses can more clearly understand how Mentor-Protégé and teaming relationships work and how these relationships can be successfully pursued without hurting businesses' "small" status.

Recommendation #4: Revise small business subcontracting plan requirements to increase small business subcontracting participation, and enhance the electronic subcontracting reporting system to improve federal agency monitoring of prime contractor achievements against their subcontracting plans.

Subcontracting is an important avenue for small businesses to gain entry to the federal marketplace when they lack the capacity to compete at the prime contractor level and can also serve as a stepping stone to receiving work as a prime contractor. Subcontracting plans, where large business prime contractors explain how they will tap the talents of small businesses to help them in performing the contract, are the key tool agencies have to facilitate opportunities for small businesses as subcontractors. Prime contractors on any contract with an estimated contract value exceeding \$550,000 (\$1 million for construction) that has subcontract possibilities are required to submit a subcontracting plan to the government. The government monitors the prime's utilization of small businesses by reviewing this plan and reported achievements against the plan.

How effective subcontracting plans are in creating opportunities for small businesses depends on a wide range of factors, including:

- (i) the quality of the information in the plan; for instance, whether information is sufficiently detailed and organized to understand how small businesses will be used and to facilitate monitoring of progress;

- (ii) the manner in which the contract treats the plan; that is, whether the plan terms are described as goals only or as requirements that, if not met, affect the contractor's performance rating);
- (iii) the ability of small businesses to negotiate effective business arrangements with prime contractors;
- (iv) the timing of when the plan is submitted and evaluated; more specifically, whether the solicitation requires a plan to be provided by all offerors with initial submission of the proposal, after a competitive range is established, or only by the apparently successful offeror;
- (v) the amount of emphasis placed during the source selection process on the plan, or on an offeror's past performance in meeting subcontracting plan goals or requirements (namely, whether it is a factor or subfactor, and whether past performance in meeting subcontracting plan goals is evaluated as part of, or separately from, other types of past performance);
- (vi) the timeliness, accuracy, and completeness of contractors' reporting of subcontracting achievements in the Electronic Subcontracting Reporting System (eSRS); and
- (vii) the quality of contracting officials' evaluation of progress against the subcontracting plan, including the diligence of agencies in assessing prime contractors' achievements against their plans and inputting these assessments into the Past Performance Information Retrieval System (PPIRS) for consideration by other contracting officials across the government.

Concerns have been raised regarding the strength of current policy, practice, or both on all of these fronts. The government's review of performance against the plans is further complicated by antiquated supporting technology that still has contractors submitting plans and reports to the contracting officer in paper format in some cases. Managing subcontracting plans for task and delivery order contracts also presents certain challenges, since specific work requirements are not known until orders are placed.

As is the case with set-asides, strengthening policies and practices requires appropriately balancing the need to increase opportunities for small businesses and the need to maintain efficient contracting practices. For instance, a requirement to provide plans with the initial submission of offers might allow for the quality of the plan to play a greater role in source selection, but it creates additional costs for offerors wishing to bid on new agency projects. Similarly, requiring offerors to identify names of subcontractors may make it easier to hold a contractor to its promise and prevent a bad faith "bait and switch," but requiring detailed disclosure of sources of supply may inappropriately constrain how prime contractors manage their subcontractors, and create new problems for prime contractors trying to line up the best subcontractors.

Recommended actions:

- The FAR Council and SBA should review the FAR's coverage and existing policy documents on subcontracting plans to determine where guidance needs to be improved. The review should give priority attention to guidance addressing the contents of subcontracting plans, the timing of their submission, approaches for evaluating plans and an offeror's past performance in meeting subcontracting plan goals, and the feasibility of reporting at the task and delivery order level. The review should also consider the benefits and drawbacks of requiring prime contractors to report a breakdown of small business participation at the subcontract level, by socioeconomic category, that includes an identification of the dollar value of each contract, the North American Industry Classification System (NAICS) code for each subcontract, the type of effort to be performed under each contract, and the total subcontract dollars as a percentage of the prime contract value.
- OFPP and agency compliance reviews of PPIRS submissions should expressly consider whether agency assessments of contractor performance provide clear, comprehensive, and constructive information on prime contractors' achievement of subcontracting plan goals (where plans are required) that is useful for making future contract award decisions.
- SBA, in consultation with the Integrated Acquisition Environment (the program management office run by GSA that supports the operation of government-wide acquisition information systems) should ensure the functionality of eSRS is improved to allow linking information in the eSRS with other government-wide acquisition systems, such as PPIRS.
- SBA should update existing policies, or issue new ones, as appropriate, addressing deadlines for submission and review of subcontracting reporting to better capture subcontracting at all tiers. The eSRS functionality should also be improved by including the capability for automatic notifications to support the new policies.

Recommendation #5: Perform analysis of spending to identify where targeted efforts will likely have the most positive effect on increasing small business utilization in prime contracting.

DoD recently created an analytical tool to help its buying organizations perform a self-analysis of their small business contracting to compare their results to other organizations in the agency for similar requirements. This analysis serves two functions. First, it helps organizations that are experiencing less success to identify organizations that are achieving greater success so organizations with the most room for improvement can emulate the small business contracting practices of the best-in-class organizations. Second, it helps organizations identify small businesses that are currently doing business with the Department, which facilitates the use of set-asides.

Recommended actions:

- DoD should share its analytical tool with civilian agencies so that they can benchmark their record of awards to small businesses with that of DoD organizations purchasing similar products and services.
- Civilian agencies should work with DoD to tailor the tool for their own internal agency analyses in identifying the maximum practicable opportunity for small businesses within their own agencies.

Recommendation #6: Clarify the relationship between policies that address the rebalancing of agencies' relationship with contractors and *small business contracting policies*, and evaluate the impact of in-sourcing on federal small business contractors.

Agencies have begun the process of rebalancing their work with contractors, and some "in-sourcing" has taken place as work has been shifted from contractors to federal employees. Small business contractors have voiced concerns that rebalancing efforts will not only limit new opportunities for small businesses but also take existing contracts away from them. Some small businesses have indicated that agencies are already bringing in-house work that had previously been performed by small businesses. While some work performed by small business contractors may need to be in-sourced if it is inherently governmental or is of a critical nature and the agency is at risk of losing control of its operations, the Task Force believes much of the work will continue to be performed by contractors, including small businesses. This belief was reinforced by the recent announcement by the Secretary of Defense that in-sourcing would not be used by the Department as a tool for saving money.

Recommended actions:

- OFPP and SBA should issue a memorandum directing CAOs, SPEs, the agency small business offices, and other appropriate agency officials to conduct impact analyses of in-sourcing. The analysis should be submitted to both OFPP and SBA, and the assessments should be updated annually.
- In finalizing its draft policy letter on work reserved for federal employees, OFPP should include a reminder that agencies are required to consider small business contractors in accordance with the "rule of two" when they determine that work will be performed by contractors. Agencies should be reminded of the need to set aside the work where at least two small businesses are available to perform the work at a fair market price. This reminder should help agencies to integrate small business priorities into their rebalancing efforts.

Recommendation #7: *SBA should conduct a full review of the SBA Surety Bond Program, the financial products it offers, and its current funding levels to determine if the program is meeting the current needs of small businesses.*

All federal construction contracts valued at more than \$100,000 require a surety bond in accordance with the Miller Act of 1935. Additionally, most state, county, and local government organizations, as well as many commercial operations, have adopted similar requirements. The SBA Surety Bond Program was authorized in 1971 and the program has been run with few modifications since then. In the last seven years, however, there has been a 43% decrease in the number of surety bond guarantees by the SBA.

Recommended actions:

- SBA should begin a complete evaluation of the Surety Bond program to reflect changes in the construction industry, and foster growth and support of small businesses

PRIORITY: PROVIDE FOR A BETTER TRAINED WORKFORCE AND HOLD AGENCIES ACCOUNTABLE FOR MEETING SMALL BUSINESS GOALS

By increasing the knowledge base and efficiency level of the procurement workforce involved in the acquisition process at all levels, as well as holding the agencies accountable for meeting small business goals, the Federal government can provide the tools and incentives federal employees need to meet these goals. The acquisition workforce must have a comprehensive understanding of small business programs and their importance, the skills to build small-business-friendly requirements, and the ability to use contracting authorities to generate maximum practicable small business participation. Agencies must be held accountable for their results. In addition, best practices should be shared and replicated to help agencies meet these goals.

Recommendation #8: *Strengthen the skills of the acquisition workforce by (i) revising existing core certifications and requiring training on small business contracting and (ii) creating focused refresher materials for continuous learning.*

As agencies build the capacity and capability of their acquisition workforce, they must ensure that the workforce has up-to-date skills and knowledge to address the current challenges of small business contracting. In the past, workforce training on small business contracting has not been required. This has led to inconsistent application of contracting policies and lost opportunities for the small business community. Mandatory training – through core curricula for new personnel and periodic refreshers for experienced staff and managers – will help to ensure that the workforce is well prepared to give small businesses, including businesses owned by women, minorities, socially and economically disadvantaged individuals, and service-disabled veterans, as well as HUBZone small businesses, fair access to federal government contracting.

Recommended actions:

- FAI and DAU should collaborate to update the required core curriculum for the following personnel in the acquisition world to increase small business utilization:
 - For 1102 training, make mandatory training (including appropriate refresher training) on small business federal contracting execution (i.e., how to properly implement small business programs) in order to develop a functional understanding and working knowledge of necessary market analysis to ensure small business capability is thoroughly vetted in each and every acquisition. Include training on use of GSA's Schedules, which provides access to more than 14,000 small business contracts, and other multiple award programs to direct task orders to small business.
 - For small business specialists, mandate training (including refresher training) on small business contracting (e.g., how to do market research, work with SBA Procurement Center Representatives) in order to develop necessary competencies to foster industry innovation, technology development, and acquisition of quality products, services and solutions from small business providers. This should include training on use of GSA's Schedules.
 - For program managers and contracting officer technical representatives (COTRs), make mandatory training on small business federal contracting operations and execution to help program managers and COTRs fully understand how small businesses are vital to the total ownership cost of programs and systems that support the mission of their activity.
 - For Senior Executive Service/general officers and flag officers, make mandatory training that provides an overview of small business federal contracting to ensure that senior managers are aware of their responsibilities with respect to small business contracting.
- FAI and SBA should collaborate in the development of refresher training for acquisition professionals on small business programs and planning for and executing small business contracts.

Recommendation #9: *Use "carrots and sticks" to create a greater sense of agency accountability for reaching small business federal contracting goals.*

Although each agency has negotiated individualized goals with SBA to support the overall 23% government-wide goal, agency leadership is not held accountable when these goals are not met. SBA's Small Business Procurement Scorecard shows progress, but also uneven results, across agencies. There needs to be clearer agency accountability for results. In addition to SBA's work with agency officials, there should be regular discussion between OFPP and the

CAOs and SPEs on the steps being taken to meet goals and ensure the acquisition workforce is effectively trained on small business programs and contracting authorities.

Recommended actions:

- There should be quarterly meetings of Cabinet-level officials to review agencies' progress toward meeting their small business goals and, where applicable with respect to agencies not making sufficient progress toward meeting their small business goals, to review and present plans for improving performance.
- Agencies should leverage existing or retired award programs to recognize agencies and federal employees who successfully promote small business contracting, along the lines of the:
 - Gold Star award at National Small Business Week, which recognizes exemplary performance of federal staff who manage aggressive goals for strategic initiatives;
 - Eisenhower Award for Excellence at National Small Business Week, which recognizes large prime contractors who have excelled in their utilization of small businesses as suppliers and subcontractors; and
 - Department of Navy Acquisition Excellence Awards, which are presented to individuals and teams who improve the DOD acquisition process.
 - Recognition should be given to agencies or individuals for achieving small business goals, such as the Navy Acquisition Excellence Award or the Small Business Advocate TEAM Award.
- SBA should implement a new small business contracting scorecard rating format that measures success at all levels so that agencies give greater attention to areas of underachievement.
- SBA should establish an interagency peer review process to identify best and worst practices.

Recommendation #10: Facilitate the identification and rapid adoption of successful practices, especially those that highlight collaborative efforts between agency small business directors and senior procurement executives.

Many agencies have developed best practices for increasing opportunities for small businesses, but information often is not effectively communicated between agencies or even between functional offices within an agency, such as the OSDDBU and the Office of the CAO. As a result, promising practices are not used consistently across all agencies.

Recommended actions:

- SBA should develop a website to share best practices. SBA should also organize a high-level event, in consultation with the Chief Acquisition Officers Council (CAOC), where agency OSDBUs present agency best practices for ensuring greater small business participation. SBA should catalog these practices, post them online in a readily accessible location, and encourage agencies to adopt them when appropriate.

PRIORITY: LEVERAGE TECHNOLOGY TO ENHANCE TRANSPARENCY, INCREASE FEDERAL PROCUREMENT ACCESSIBILITY FOR SMALL BUSINESSES, AND IMPROVE DATA QUALITY

The current data systems of the federal acquisition environment are cumbersome and inaccessible for many small businesses, especially those that are new to the systems and trying to “get their foot in the door.” By ensuring that both procurement opportunities and agency procurement resources – such as training and outreach events – are more transparent and accessible, agencies can make it easier and less burdensome for small businesses to transact with the government and for federal agencies to find small businesses. More accurate systems and data collection also prevent data errors, helping the federal government account for meeting its goals.

Recommendation #11: Use FedBizOpps as a one-stop source for annual requirements forecasting, the posting of subcontracting opportunities, the outreach calendar of all federal agency matchmaking and training events, and a directory of online agency small business resources.

The link between effective outreach and maximizing business opportunities for small businesses is clear. Yet, too often, small businesses are unaware of upcoming events, despite the fact that many agency small business directors and offices of small disadvantaged business utilization plan numerous matchmaking activities every year. Capabilities exist, through FedBizOpps, to help agencies publicize their matchmaking events and training opportunities. There is other key information that small business contractors seek out, including subcontracting opportunities and agencies’ annual forecast of requirements, that could be made more accessible if provided through FedBizOpps.

Recommended actions:

- The IAE should enhance the functionality of FedBizOpps to support the submission of subcontracting opportunities and agency requirements forecast data in a user-friendly, transparent, and timely manner.
- SBA should manage the creation of a calendar of all federal government in-person and online training opportunities so that this information is easy to access for both experienced

and novice small businesses. OMB and SBA, in consultation with IAE, should require OSDBUs to put all outreach and training events on FedBizOpps.

Recommendation #12: *Improve accessibility and usability of small business procurement data.*

While data on small business procurement currently exists, it is often challenging to navigate and time-consuming to use. In particular, FPDS is challenging to use for analyzing procurement data, generating business intelligence, identifying actual market opportunities for small business, and supporting executive-level reports. The newly established Small Business Contracting Dashboard that was developed as part of the Presidential memorandum is an important step in making data more meaningful, enhancing transparency and supporting agency accountability but more work remains to be done.

Recommended actions:

- SBA, in consultation with GSA, should continue to enhance the Small Business Contracting Dashboard and GSA, in consultation with SBA, should leverage USASpending.gov's modern user interface to increase small business data accessibility and transparency.
- The IAE should enhance the usability of FPDS for small business contracting information.

Recommendation #13: *Improve data quality related to small business contracting through use of validation rules and improved systems integration.*

Through an annual procurement data validation process, agencies and the SBA have identified common errors that, if given appropriate attention, may be avoided. Errors or gaps in data entry can skew important analyses that are needed to evaluate where results are weak and where greater attention is required. In FY 2009, SBA identified potential anomalies in contracting data that totaled over \$2 billion, some of which may be errors in coding but all of which needed to be reviewed by agencies for verification, reducing the amount of time contracting professionals have available to focus on increasing opportunities for small businesses.

Recommended actions:

- Current efforts by OMB and the CAOC related to the implementation of the President's January 21, 2009 Memorandum on Transparency and Open Government to improve the transparency and quality of federal spending data should include a comprehensive review of data quality related to small business contracting. The review should identify opportunities for integrating a more robust approach to the validation of procurement data and addressing common challenges identified through previous validation exercises.

- The CAOC should address common data quality challenges, such as incorrect industry coding, timely updating of business size status, and non-business entities being represented as small businesses.

**Presidential Memorandum on the Interagency Task Force on
Federal Contracting Opportunities for Small Businesses**

April 26, 2010

MEMORANDUM FOR THE HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

SUBJECT: Establishing an Interagency Task Force on Federal Contracting Opportunities for Small Businesses

The Federal Government is the world's largest purchaser of goods and services, with purchases totaling over \$500 billion per year. The American Recovery and Reinvestment Act of 2009 (Recovery Act) and other national investments are providing new opportunities for small businesses to compete for Federal contracts, and it is critical that these investments tap into the talents and skills of a broad cross-section of American business and industry. Small businesses must be able to participate in the Nation's economic recovery, including businesses owned by women, minorities, socially and economically disadvantaged individuals, and service-disabled veterans of our Armed Forces. These businesses should be able to compete and participate effectively in Federal contracts.

The Congress has established a number of statutory goals designed to help small businesses compete for Federal contracts. In addition to the goal of awarding at least 23 percent of all Federal prime contracting dollars to small businesses, the Congress also established Government-wide contracting goals for participation by small businesses that are located in Historically Underutilized Business Zones (at least 3 percent) or that are owned by women (at least 5 percent), socially and economically disadvantaged individuals (at least 5 percent), and service-disabled veterans (at least 3 percent). These aspirational goals help ensure that all Americans share in the jobs and opportunities created by Federal procurement.

In recent years, the Federal Government has not consistently reached its small business contracting goals. Although we have made some progress -- particularly with respect to Recovery Act contracts -- more work can and should be done. I am committed to ensuring that small businesses, including firms owned by women, minorities, socially and economically disadvantaged individuals, and service-disabled veterans, have fair access to Federal Government contracting. Indeed, where small businesses have the capacity to do more, we should strive to exceed the statutory goals. While Chief Acquisition Officers and Senior Procurement Executives have many priorities, small business contracting should always be a high priority in the procurement process.

Obtaining tangible results will require an honest and accurate accounting of our progress so that we can have transparency and accountability through Federal small business procurement data. Additionally, we must expand outreach strategies to alert small firms to Federal contracting opportunities.

In order to coordinate executive departments' and agencies' efforts towards ensuring that all small businesses have a fair chance to participate in Federal contracting opportunities, it is hereby ordered as follows:

Section 1. Establishment. There is established an Interagency Task Force on Federal Contracting Opportunities for Small Businesses (Task Force). The Secretary of Commerce (Secretary), the Director of the Office of Management and Budget (Director), and the Administrator of the Small Business Administration (Administrator) shall serve as Co-Chairs of the Task Force and shall direct its work.

Sec. 2. Membership. In addition to the Secretary, the Director, and the Administrator, the Task Force shall consist of the following members:

- (i) the Secretary of the Treasury;
- (ii) the Secretary of Defense;
- (iii) the Attorney General;
- (iv) the Secretary of Labor;
- (v) the Secretary of Housing and Urban Development;
- (vi) the Secretary of Transportation;
- (vii) the Secretary of Veterans Affairs;
- (viii) the Secretary of Homeland Security;
- (ix) the Administrator of General Services;
- (x) the Administrator of the National Aeronautics and Space Administration;
- (xi) the Director of the Minority Business Development Agency;
- (xii) the Director of the Office of Science and Technology Policy;
- (xiii) the Director of the Domestic Policy Council;
- (xiv) the Director of the National Economic Council;
- (xv) the Chair of the Council of Economic Advisers; and
- (xvi) the heads of such other executive departments, agencies, and offices as the President may, from time to time, designate.

A member of the Task Force may designate, to perform the Task Force functions of the member, one or more senior officials who are part of the member's department, agency, or office, and who are full-time officers or employees of the Federal Government.

Sec. 3. Functions. The Task Force shall provide to the President, not later than 120 days after the date of this memorandum, proposals and recommendations for:

- (i) using innovative strategies, such as teaming, to increase opportunities for small business contractors and utilizing and expanding mentorship programs, such as the mentor-protégé program;
- (ii) removing barriers to participation by small businesses in the Federal marketplace by unbundling large projects, improving training of Federal acquisition officials with respect

to strategies for increasing small business contracting opportunities, and utilizing new technologies to enhance the effectiveness and efficiency of Federal program managers, acquisition officials, and the Directors of Offices of Small Business Programs and Offices of Small and Disadvantaged Business Utilization, their managers, and procurement center representatives in identifying and providing access to these opportunities;

(iii) expanding outreach strategies to match small businesses, including firms located in Historically Underutilized Business Zones and firms owned and controlled by women, minorities, socially and economically disadvantaged individuals, and service-disabled veterans of our Armed Forces, with contracting and subcontracting opportunities; and

(iv) establishing policies, including revision or clarification of existing legislation, regulations, or policies, that are necessary or appropriate to effectuate the objectives of this memorandum.

Sec. 4. Using Technology to Improve Transparency and Accountability. Within 90 days of the date of this memorandum, the Assistant to the President and Chief Technology Officer and the Federal Chief Information Officer, in coordination with the Task Force, shall develop a website that illustrates the participation of small businesses, including those owned by women, minorities, socially and economically disadvantaged individuals, and service-disabled veterans of our Armed Forces, in Federal contracting. To foster greater accountability and transparency in, and allow oversight of, the Federal Government's progress, this website shall be designed to encourage improved collection, verification, and availability of Federal procurement data and provide accurate data on the Federal Government's progress in ensuring that all small businesses have a fair chance to participate in Federal contracting opportunities.

Sec. 5. Outreach. In developing its recommendations, the Task Force shall conduct outreach with representatives of small businesses and small business associations.

Sec. 6. General Provisions. (a) This memorandum shall be implemented consistent with applicable law and subject to the availability of any necessary appropriations.

(b) This memorandum does not create any right or benefit, substantive or procedural, enforceable at law or in equity by any party against the United States, its departments, agencies, or entities, its officers, employees, or agents, or any other person.

(c) The heads of executive departments and agencies shall assist and provide information to the Task Force, consistent with applicable law, as may be necessary to carry out the functions of the Task Force. Each executive department and agency shall bear its own expenses of participating in the Task Force.

(d) The Director is hereby authorized and directed to publish this memorandum in the *Federal Register*.

BARACK OBAMA