



Opening Statement
Chairman Mick Mulvaney
Subcommittee on Contracting and Workforce
House Committee on Small Business
“Helping Small Businesses Compete: Challenges within Programs Designed to Assist
Small Contractors.”
September 15, 2011

Good morning. The hearing will come to order.

We're here today to talk about three important programs that were created to help small businesses compete for federal contracts. We will look at the Offices of Small and Disadvantaged Business Utilization, or OSDBUs; we will look at Procurement Center and Commercial Market Center Representatives; and we will look into the Mentor-Protégé program.

The primary focus of the OSDBU is advocating for small business contracts and fighting unjustified bundling. To underscore the importance of this effort, when Congress created these positions in 1978, they required that each OSDBU, with the exception of the Department of Defense, would answer only to, and report directly to, the agency head or deputy agency head.

The Procurement Center Representatives program and the Commercial Market Representatives program are made up of Small Business Administration employees. The focus of these employees is ensuring that small businesses have the opportunity to compete for prime contracts, and that there are small business opportunities at the subcontract level. In fact, PCRs are one of the most important defenses small businesses have against contract bundling, because they have the ability to protest procurements up to the head of the contracting agency when a contract fails to provide for small business participation.

The third program – which is really 13 individual programs – is the Mentor-Protégé program. This can also be an important tool to help small businesses become more competitive. Generally speaking, Mentor-Protégé programs allow small, less experienced firms to be mentored by larger, more experienced firms, with a goal of increasing the participation of small businesses in government contracting.

Small business contractors are good for government and good for the economy. They increase competition, increase innovation, create jobs, and save taxpayer dollars - which is why there is a statutory goal of awarding 23% of prime contract dollars to small businesses.

However, recent reports reveal that these programs could and should function much better. For example, last year, when the federal government spent over half a trillion dollars

through contracts, the Administration fell well short of the 23% goal - small firms won just over 20% of prime contract dollars. Given this achievement gap, we need to look at ways to help small firms compete.

But we must also address the several agencies that are refusing to comply with the Small Business Act and making the problem worse.

For example, when reviewing OSDBU practices, GAO found seven agencies that were not complying with the Small Business Act's reporting requirements. To find out why, I sent letters to the heads of each of these agencies on August 5 – almost 6 weeks ago. Thus far, only three agencies have even bothered to respond. The responses ranged from the Social Security Administration saying it would change its practices, to the Treasury saying it would keep its same policy, even though their current structure presents a clear conflict of interest.

In addition to addressing the challenges facing the OSDBUs, we are going to examine the PCR and CMR programs' struggle with resources. I hope our witnesses also will address ways in which we can strengthen both of these vital programs, whether it be looking at measures of effectiveness, addressing the challenges that the PCRs and CMRs themselves identified, prioritizing workloads, or looking at ways in which technology could alleviate some of the burden on this program.

Finally, within the 13 different Mentor-Protégé programs, the eligibility requirements vary widely, as do the types of assistance provided to the protégés and the incentives provided to encourage firms to participate as mentors. GAO studied the controls for each program, then looked at how each tracked success. I look forward to hearing more about the GAO findings, how issues like affiliation play out in these programs, and whether having so many independent programs puts an unnecessary burden on participants. As the Small Business Jobs Act allows SBA to create additional specialized mentor-protégé programs, I look forward to learning more about their plans for the program.

As this Subcommittee considers the PCRs, CMRs, OSDBUs and Mentor-Protégé programs, we want to learn how we can help strengthen and improve these programs. If we succeed at that goal, we will help small businesses compete, create jobs, and save taxpayers money. I want to thank our witnesses for their participation today, which will help us achieve those ends.

I now yield to Ranking Member Chu for her opening remarks.