



U.S. Small Business Administration

TESTIMONY of

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U.S. Small Business Administration

House Small Business Committee

Subcommittee on Contracting and the Workforce

Wednesday, February 3 2016

To Chairman Hanna, Ranking Member Takai, and members of the Subcommittee, [to Chairman Chabot, Ranking Member Velazquez, and member of the full committee present] thank you for the opportunity to testify.

Small businesses are agile, innovative, and affordable partners for the federal government. Through small business contracting, the federal government acts as a catalyst for small business growth and innovation, while supporting the economic security of the nation. Over the past seven (7) years, the Administration, Congress, SBA, and federal agencies have been focused on increasing small business contracting opportunities across the federal government. This increased focus has resulted in over \$550.7 billion in federal contracting dollars being awarded to small businesses from Fiscal Years (FY) 2009-2014, with \$91.7 billion of small business eligible contracting dollars being awarded in FY 2014. The \$91.7 billion in small business contracts represents an incredible impact to the American economy that drives innovation, growth, job creation, and support for over 550,000 jobs across the Nation.

In FY 2013 and 2014, the federal government exceeded the 23 percent small business prime contracting procurement goal, representing two (2) consecutive years of this achievement for the first time since FY 2005. Current year-to-date performance for FY 2015, demonstrates that the federal government should again exceed the 23 percent goal, along with three (3) of the four (4) socio-economic goals - Women Owned Small Business (WOSB), Service Disabled Veteran Owned Small Business (SDVOSB), and Small Disadvantaged Business (SDB). If achieved, this would be the first time since the program's inception that the WOSB goal of 5 percent has been met. It would also mark the 21st consecutive time the SDB contracting goal is exceeded and the 4th consecutive year of achieving the SDVOSB contracting goal. The past and expected achievements for FY 2015 are the result of the dedicated and focused efforts by the SBA and federal agencies to support small businesses, as they play a critical role in building and sustaining the nation's industrial base and strengthening the economy.

Over the last few years, the SBA Office of Government Contracting and Business Development (GCBD) has begun a variety of programmatic streamlining and process improvements efforts to enhance and improve customer service, create efficiencies, and reduce the administrative

burdens on small business firms. These on-going efforts include, but are not limited to, significant improvements in processing both HUBZone and 8(a) Program applications, reduced timelines for 8(a) Mentor Protégée agreements, and finalization of the HUBZone, 8(a), and WOSB programs' Standard Operating Procedures, which are nearing final agency approval. In addition, GCBD initiated efforts to invest in technological solutions, which will provide efficiencies for our interactions with small businesses. Furthermore, as we continue to support of small businesses contracting opportunities, Administrator Contreras-Sweet authorized the hiring of 10 additional Procurement Center Representatives (PCRs), to support oversight of federal buying center activities to ensure compliance with small business regulations.

Of great importance, SBA has implemented over twenty-five provisions from the Small Business Jobs Act of 2010 and the National Defense Authorization Acts (NDAAs) of 2013, 2014 and 2015, and is making great progress on all other remaining statutes. Provisions implemented to date include completion of the WOSB Industry study, finalization of the WOSB sole source rule, accountability of senior executives, total and partial set-asides and reserves under multiple award contracts, revisions to the reporting structure of Office of Small Disadvantaged Business Utilization (OSDBU), inclusion of overseas contracting in the FY16 goaling base, and increased training and certification for staff. Also, we have been making significant progress on implementing the Mentor Protégée Program (MPP) to offer an expanded program to all small businesses, and issued an advanced notice of proposed rulemaking for certification of WOSB firms.

While we continue to work to support and improve contracting opportunities for small businesses, there are always opportunities to build upon our strengths and improve in certain areas. We acknowledge the recommendations from the Government Accountability Office (GAO) and Inspector General (IG) that remain open and need to be closed with urgency. Closure of open recommendations is one of my highest priorities and we are actively working with the IG and GAO to come to meaningful resolutions that will benefit small businesses through improved SBA policies and practices. We have initiated and scheduled regular face-to-face meetings with GAO and IG leaders resulting in closure of nine (9) GAO recommendations and three (3) IG Recommendations within the last 12 months. The recently closed

recommendations include improving monitoring of and procedures used in assessing the continuing eligibility of 8(a) firms and assessing resources allocated for PCR and Commercial Center Representatives (CMRs) to successfully carry out their duties. We take the remaining open GAO and IG recommendations seriously and are committed to resolving them.

Additionally, we are highly committed to implementing any remaining statutes and programmatic improvements to reduce unnecessary burdens placed on small businesses in SBA's processes and procedures. We are working intensely to incorporate the remaining statutes from past NDAAAs into approved policies and regulations intended to allow an even playing field for small businesses. We expect many of the remaining statutes to be finalized in 2016, including the WOSB certification rule, teaming and joint venture rules, and the final MPP rule, along with a functioning MPP program. Further, we will review program processes, including the 8(a) annual review, and the HUBZone and WOSB Programs.

In closing, I would like to recognize the commitment to small businesses from the Congress, in particular, the House Small Business Committee. I also acknowledge the commitment from the Administration and federal agencies, which have recognized the value of small businesses, and remained committed to providing meaningful contracting opportunities. Led by Administrator Contreras-Sweet, we will continue to fight for small businesses to improve participation for firms to compete and successfully win federal contracting opportunities.