



March 5, 2012

The Honorable Sam Graves
United States House of Representatives
2361 Rayburn House Office Building
Washington, D.C. 20515

Dear Chairman Graves:

The National Small Business Association (NSBA) is pleased to support the House Small Business Committee's (hereinafter the "Committee") Contracting Reform Initiative. The importance of reforming and enhancing the federal contracting process is certainly recognized by the membership of NSBA, which has identified small-business contracting as one of the association's top priorities. Reaching over 150,000 small-business owners across the nation, NSBA is the country's oldest small-business advocacy organization and greatly appreciates your leadership on such an important issue for America's small-business community.

Small-business participation in contracting is crucial to a healthy and competitive federal procurement process, and the implementation of these contracting reform bills will promote and facilitate that process. Unfortunately, small businesses received only 22.66 percent (\$97.947 billion) of federal contracting dollars in FY 2010, according to the U.S. Small Business Administration's (SBA) 2010 Small Business Procurement Scorecard. NSBA is extremely pleased to see that this initiative includes legislation (H.R. 3850) raising the government-wide small-business contracting goal from 23% to 25% (an increase of roughly \$11 billion) and the small-business subcontracting goal from 35.9% to 40%, while at the same time holding agencies accountable for their failure to meet these goals.

NSBA is also pleased that this initiative includes legislation (H.R. 4081) addressing NSBA's perennial concerns about contract bundling, which unfortunately appears to continue unabated despite repeated government denunciations of its economic unseemliness. As NSBA communicated to the House Small Business Committee in April 2007, "The more frequently contracts are bundled and the larger the average bundled contract becomes, the more small businesses are going to be excluded from competing in the federal procurement system. In fact, over 30 percent of the respondents to an NSBA procurement survey reported first-hand experience of losing out on a federal contract because of contract bundling...."

Small businesses provide high-quality goods and services to federal-contracting agencies and infuse the federal procurement system with much-needed competition. In turn, the federal government invests in the most dynamic and innovative sector of the U.S. economy. NSBA welcomes the inclusion of legislation (H.R. 3893) aimed at increasing transparency, improving accountability, and enhancing small-business contracting policies to ensure that small businesses are actually the ones benefiting from the contracts set aside on their behalf.

Additionally, having long advocated for an increased level of authority and involvement for the Office of Small and Disadvantaged Business Utilization and Procurement Center Representatives, NSBA welcomes efforts, such as those included in this initiative (H.R. 3851 / H.R. 3980), to enhance the role of small-business advocates in the federal procurement process. NSBA is also grateful that this initiative includes legislation to ensure that the new SBA size standards assigned to each industry group are appropriate (H.R. 3987) and improve small-businesses' ability to win and perform on government contracts through the civilian mentor-protégé programs (H.R. 3985).

Small businesses are America's economic engine and are the most dynamic and innovative sector of the U.S. economy. They comprise 99.7% of all domestic employer firms, employ approximately 50% of all private sector employees, and have created roughly 65% of America's new net jobs over the past 17 years. The Committee's Contract Reform Initiative will help promote economic growth, competition, and job creation at a time when these issues remain a top priority for our country.

NSBA is pleased to support the Committee's Contracting Reform Initiative and thanks you for your continued leadership on this critical issue.

Sincerely,

A handwritten signature in black ink, appearing to read "Todd O. McCracken", with a long horizontal flourish extending to the right.

Todd O. McCracken
President