

STATEMENT OF DAMON LEE KINEBREW
AT CONGRESSIONAL HEARING ON FEDERAL CONTRACTING
BEFORE THE SUBCOMMITTEE ON GOVERNMENT MANAGEMENT,
ORGANIZATION, AND PROCUREMENT
SEPTEMBER 26, 2007

Good afternoon, I am Damon Lee Kinebrew, I reside in Brooklyn, NY; I am here as the Director of Programs for the Association of Minority Enterprises of New York. Mr. James Heyliger II was unable to be here today; therefore I received the mission.

It is an honor and a privilege to appear before you today and share my views and the views of AMENY in the area of small and minority business procurement.

The hurdles facing most small and minority business entrepreneurs are the lack of working capital, the lack of contracting opportunities and the lack of strong management skills.

Now let us examine the lack of working capital and offer possible solutions. The S/MBE should have 60 to 90 days of liquid resources available to finance the project for that period of time; the proper documentation and method of all change orders and the method and time of payment. The affect of a default on a project, and the aftermath of liquidated damages results in the negative impact on the small business resources. [CASE STUDY of working capital]

Contracting opportunities are not always available to the S/MBE. On numerous projects contracting awards are done on a sole source basis. No solicitation would ever be issued for this type of opportunity, here again this type of exclusion is detrimental to the small business entrepreneur who lacks those insider connections. This process is wrong and should be denounced whenever detected. [CASE STUDY of contracting opportunities]

The small business enterprise should seek every opportunity to develop strong management skills for their company. Make sure that each staff member is provided with training time in their job areas. Responsibility is that of senior management to ensure that training and continuing education and time is allotted for the member to upgrade and sharpen their skills.

It is the view of most small minority business advocate organizations that the 8a Program should be expanded to include participation of larger numbers of small and minority businesses. The phasing out of the 8a Program should be emphasized with some degree of regularity, i.e. once or twice a month and this should be done by the contract administrator. In addition, the graduation aspect of the 8a Program should be maintained and emphasized early on in the life cycle of the program.

The solution to most of the hurdles facing small and minority business entrepreneurs is the lack of an efficient MBDA program of the Small Business Administration. The MBDA program offered management services and technical assistance contracts based on business census statistics of the U.S. Department of Commerce and today, they need to reinstitute the practice of awarding contracts for MSTA services. There continues to be a need for sources of working capital and bonding. Both working capital and bonding assistance can be arranged through the MSTA providers; the return of the MESBIC program should also be reinstated. [CASE STUDY of MSTA and MESBIC programs]

If the federal government fails to recognize the need to remove the hurdles facing small and minority business entrepreneurs in the area of procurement, the minority business community will continue to see less than 5%, collectively, of the contracts awarded by the public sector in this country.

I would like to thank the National Association of Minority Contractors, New York State Association of Minority Contractors and, the Association of Minority Enterprise of New York for providing information and anecdotal examples of the hurdles and proposed solutions to the procurement cycle of small and minority business.

THANK YOU.
