



# OFFICE OF ADVOCACY *FACTSHEET*

409 3<sup>rd</sup> Street, SW • MC 3114 • Washington, DC 20416 • 202/205-6533 ph. • 202/205-6928 fax • [www.sba.gov/advo](http://www.sba.gov/advo)

## ***Advocacy Urges Small Business Administration to Minimize Impacts of Subcontracting Rule on Small Business***

On December 18, 2003, the Office of Advocacy (Advocacy) filed a comment letter with the U.S. Small Business Administration (SBA) concerning a proposed rule to provide clarity on the factors to consider in evaluating prime contractors' performance and good-faith efforts to achieve the requirements in their subcontracting plans. A complete copy of Advocacy's comment letter may be accessed at <http://www.sba.gov/advo/laws/comments>.

- On October 20, 2003, SBA published a proposed rule in the *Federal Register* titled "Small Business Government Contracting Programs." The proposed rule seeks to provide more guidance on evaluating large prime contractor performance and efforts to achieve subcontracting plans. The proposed rule authorizes the use of goals in subcontracting plans, and /or past performance in meeting such goals, as a factor in source selection when placing orders against Federal Supply Schedules, government-wide acquisition contracts, and multi-agency contracts.
- The proposed rule seeks to clarify existing responsibilities in carrying out the statutory mandate for small businesses to have the maximum practicable opportunity to participate in federal contracting. In seeking to provide this clarity, the proposed rule expressly adds small business to the list of prime contractors required to fulfill this statutory mandate.
- In its comment letter, Advocacy expressed concerns about the proposed rule's impact on small businesses awarded prime contracts, which would face additional costs and compliance burdens under the proposal.
- Advocacy urged SBA to re-examine the economic impact and paperwork burdens associated with the new subcontracting assistance responsibilities being proposed for small business prime contractors. SBA should determine whether further economic analysis supports its certification or if an initial regulatory flexibility analysis should be performed.

For more information, visit Advocacy's web page at [www.sba.gov/advo](http://www.sba.gov/advo) or contact Major Clark at 202-205-6533.