



U.S. SMALL BUSINESS ADMINISTRATION
WASHINGTON, D.C. 20416

JUN - 3 2005

The Honorable John F. Kerry
Ranking Member
Committee on Small Business and Entrepreneurship
United States Senate
Washington, DC 20510

Dear Senator Kerry:

Administrator Barreto has asked me to respond to your letter of May 24, 2005, regarding implementation of the Women-Owned Small Business Set-Aside Program. As you are aware, this matter is in litigation with the U.S. Women's Chamber of Commerce and, therefore, we feel compelled to limit our response to only those aspects of your inquiry that do not affect the litigation.

As you may be aware, Public Law 106-554 authorizes agencies to set aside certain contracts for women-owned small businesses (WOSBs) in industries in which the U.S. Small Business Administration (SBA) has determined are underrepresented, and substantially underrepresented in Federal contracting. The legislation placed responsibility on SBA to determine those industries in which women-owned small businesses were underrepresented due to discrimination. This is no small task, but a necessary one in order to withstand legal scrutiny.

A first attempt at accomplishing this resulted in a draft study that was found to have flaws in its methodology by a panel of independent experts reviewing the study under the auspices of the National Academy of Sciences. As a result of the deficiencies found in the methodology used to identify those industries, the program is not yet available. However, after reviewing the National Academy's Report, which was received less than two months ago, SBA has begun the process needed to implement the program. This entails issuing proposed regulations and soliciting proposals to undertake a revised study in accordance with the recommendations of the National Academy.

This initiative is part of an overall effort by the SBA to increase contracting opportunities for women-owned small businesses. The latest figures available indicate that prime contracting dollars awarded to women-owned small businesses increased from \$6.8 billion in FY 2002 to \$8.3 billion in FY 2003, representing an increase of \$1.5 billion in prime contracting dollars. If subcontracting dollars are included, more than \$14 billion in contracts were awarded to women-owned businesses in FY 2003.

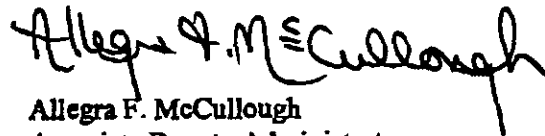
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Other contracting initiatives at the SBA have shown positive results for women-owned small businesses. For example, in the Business Matchmaking program, 50 percent of the contracts awarded have gone to women-owned small businesses and over 65 percent of the contracting dollars have gone to women.

In the interim, it should be noted that SBA's 8(a) program affords eligible women-owned small business owners the same set aside contracting benefits as the WOSB contracting program. Both minority and non-minority women-owned businesses are currently availing themselves of its set aside contracting benefits. In addition, the SBA's Office of Federal Contract Assistance for Women Business Owners (CAWBO) is working closely with the Women Advocates in each agency and the Directors of the Office of Small and Disadvantaged Business Utilization to promote opportunities for WOSBs. A list of Women Advocates can be found at <http://www.sba.gov/GC/indexprograms-cawbo.html#advocates>. SBA also works diligently to enhance the efforts of Federal agencies to achieve the goal of awarding five percent of all prime and subcontracts to WOSBs. In addition, CAWBO collaborated with SBA's National Women's Business Council to develop a website for women business owners, www.womenbiz.gov, which contains in-depth information for women business owners that are interested in doing business with the government. It contains over 100 links to current procurement information. Another powerful portal is www.women-21.gov, which is a one-stop shop for women's entrepreneurship in the 21st century. We encourage your constituent to utilize these resources to identify contracting programs and opportunities that may be beneficial to her business.

Thank you for your interest in the SBA's programs and efforts to increase small business opportunities in the Federal arena. Should you have additional questions, please contact Janis Coughlin-Piester of our Office of Congressional and Legislative Affairs at (202) 205-6700.

Sincerely,



Allegra F. McCullough
Associate Deputy Administrator
for Government Contracting
and Business Development