



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D. C. 20503

THE DIRECTOR

September 14, 2006

The Honorable John F. Kerry
United States Senate
Washington, DC 20510

Dear John,

Thank you for your letter of July 20, 2006 regarding Executive Order (E.O.) 13170, *Increasing Opportunities and Access for Disadvantaged Businesses*. You and several of your Congressional colleagues requested information from OMB on the steps that have been taken to implement this Order.

As your letter states, the purpose of E.O. 13170 is to strengthen the Federal government's commitment to the use of minority-owned small businesses to meet the many needs of our taxpayers. The Order tasked procuring agencies with developing long-term comprehensive plans to better ensure minority and disadvantaged small businesses have an opportunity to participate in Federal contracting. The Order also called upon the Small Business Administration (SBA) to evaluate agency adherence to government-wide prime and subcontracting goals for small disadvantaged businesses (SDBs) and for OMB to review SBA's evaluation of agency progress.

Many of the requirements in E.O. 13170 are duplicative of agency responsibilities under the Small Business Act (the Act) and regulatory and procedural guidance issued by SBA. For example, the Act requires each agency, after consulting with SBA, to establish goals for participation in the agency's procurement contracts in each of the statutory small business categories, including SDBs. The Act further requires SBA to annually compile individual agency reports and submit a comprehensive analysis of the reports to the President and Congress.

In November 2000, OMB and SBA issued joint guidance to implement E.O. 13170 and most procuring agencies developed long-range plans by early FY 2001. However, in an effort to avoid duplicative reporting and analysis, SBA subsequently consolidated information collection and review under the Order with statutory reporting requirements under the Act. SBA's annual reporting under the Act covers essential elements of the Order, including an overall assessment of how well each agency is using the skills and talents of minority-owned small businesses in Federal contracting and subcontracting. Each year, OMB reviews SBA's annual report before it is submitted to the President and Congress.

Most importantly, agencies have made significant progress in contracting with minority-owned small businesses in the six years since the Order was issued. SBA's most recent annual report indicates that overall contracting revenues for SDBs increased from \$7.3 billion in

FY 2000 to \$21.7 billion in FY 2005. OMB and SBA are proud of these improvements and the fact that approximately 13,000 SDBs are now registered in the Central Contractor Registration database, a prerequisite for doing business with the Federal government.

Your letter also asks about Federal advertising contracts. SDBs received \$1.7 million out of \$38.8 million in FY 2000 and \$7.2 million out of \$258 million in FY 2005. We intend to continue to increase minority-owned small business access to contracting opportunities for all goods and services, including Federal advertising. We understand that agencies are planning to host business matchmaking events and are developing mentor-protégé programs focused on SDBs.

I appreciate the opportunity to respond to your letter. I look forward to working with SBA, our procuring agencies, and Congress to ensure a strong role for disadvantaged businesses and other small businesses in Federal contracting.

Sincerely,

A handwritten signature in black ink that reads "Rob Portman". The signature is fluid and cursive, with a long horizontal stroke at the end.

Rob Portman

Identical Letter Sent to The Honorable John F. Kerry, The Honorable Harry Reid,
The Honorable Robert Menendez, The Honorable Nydia M. Velazquez,
The Honorable Albert Russell Wynn, The Honorable Carolyn C. Kilpatrick, and
The Honorable Michael M. Honda