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United States Senate

COMMITTEE ON SMALL BUSINESS & ENTREPRENEURSHIP
WASHINGTON, DC 20510-6350

WESTON J. COULAM, REPUBLICAN STAFF DIRECTOR
PATRICIA R. FORBES, DEMOCRATIC STAFF DIRECTOR AND CHIEF COUNSEL

May 24, 2005

The Honorable Hector V. Barreto
Administrator
U.S. Small Business Administration
409 3rd Street S.W.
Washington, D.C. 20416

Dear Administrator Barreto:

I am writing to urge the Small Business Administration to develop implementing regulations for a small business set-aside program to increase the participation of women-owned businesses in the Federal procurement arena.

To implement the program in a timely manner, Section 8(m)(4) of the Small Business Act (15 U.S.C. 637) requires that a study to identify industries in which women-owned businesses are underrepresented with respect to Federal procurement contracting. SBA has completed this initial study. As you know, SBA completed an initial study.

However, on March 10, 2005, the National Research Counsel of the National Academies of Science (NAS) released a report citing significant shortfalls in this initial study of women-owned businesses. Since the release of that report, the Committee on Small Business and Entrepreneurship has not received any indication of the Administration's plan to conduct a more accurate study and to implement P.L. 106-554, the FY2001 Omnibus Appropriations bill.

The NAS study found that the *"disparity ratio estimated presented in the SBA Office of Federal Contract Assistance for Women Owned Business Owners (CAWBO) study are not adequate to identify industries in which women-owned businesses are underrepresented in federal prime contracting."* Therefore, those estimates should not be used to develop the women-owned business contracting program. However, this does not relieve the SBA from its responsibility to implement a women-owned federal contracting program.

The Administration continues to fall well short of the 5 percent government-wide goal for women-owned business participation in federal procurement, costing women-owned businesses approximately \$6.5 billion per year. One of the barriers to increasing the number of contracts awarded to women-owned businesses found by the GAO, and cited in the NAS report, was *"the absence of a specific program targeted to women-owned businesses."* Any further delay in implementing the legislation, which is already well

overdue, will continue to prevent this nation's women-owned businesses from receiving their fair share of Federal contracts.

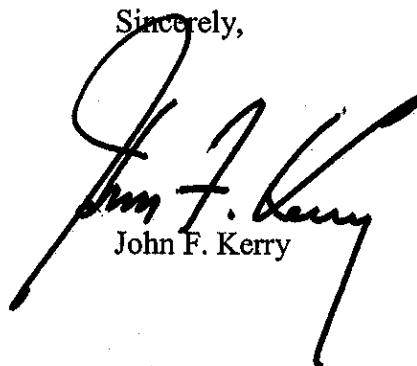
As the Ranking Member of the Senate Committee on Small Business and Entrepreneurship, I am requesting that the following information be reported to the Committee by Monday, June 6, 2005:

- 1) Does the SBA plan to implement a women-owned business contracting program, as required by P.L. 106-554?
- 2) When does the SBA plan to begin a new, more accurate study, that will identify, on an industry-by-industry basis, the specific industries and regions of the United States, in which small business concerns owned and controlled by women are underrepresented in obtaining federal contracts at the prime contractor level?
- 3) Will the study, when implemented by the Administration, mirror the "benchmarking" study performed by the Department of Commerce for small disadvantaged businesses in order to comply with the Supreme Court decision, *Adarand Constructors v. Pena*, 515 U.S.200 (1995)?

According to the NAS report, while women-owned businesses represent approximately 26 percent of all U.S. businesses with at least \$1,000 in gross receipts and approximately 16 percent of U.S. businesses with one or more employees, these firms only account for approximately 4.4 percent of total dollar receipts. Implementing this long overdue program will significantly improve the availability of contracts to women-owned businesses, create jobs and improve the economy throughout this nation. I urge you to take whatever steps necessary to expedite the implementation of this essential program.

Thank you for your consideration on this important matter. I look forward to your timely response. Should you have any questions, please feel free to contact me or have a member of your staff contact Nigel Stephens on my staff at (202) 224-8496.

Sincerely,



John F. Kerry