

Wm. Lacy Clay, Chairman
Information Policy, Census, and National Archives
Subcommittee
Oversight and Government Reform Committee
Wednesday, September 24, 2008
2154 Rayburn HOB
2:00 p.m.

***“How Information Policy Affects the Competitive Viability
Of Small and Disadvantaged Businesses in Federal Contracting”***

It has long been the policy of the federal government to assist minority and other “socially and economically disadvantaged” small businesses to become fully competitive and viable businesses. The objective has largely been pursued through the federal procurement process by allocating federal assistance and contracts to foster disadvantaged business development. Federal assistance has taken a variety of forms, including targeting procurement

contracts and subcontracts for disadvantaged or minority firms, management and technical assistance grants, educational and training support, and surety bonding process.

There has been a large body of evidence concerning discrimination. Court cases, legislative hearings, quantitative studies and anecdotal reports detail the considerable discrimination based on race and national origin that confronts minority contractors in all parts of the country and in virtually every industry. The discrimination is not limited to one particular minority group, instead,

evidence shows businesses owned by African-Americans, Latinos, Asians, Pacific Islanders and Native Americans all must overcome discriminatory practices in order to grow and prosper.

This subcommittee will look at some of the information, data and assumptions dealing with the subject of minority contracting and federal programs and how they deal with discrimination against minority businesses. We will look at disparities in the marketplace and help determine if those disparities are the result of discrimination. This hearing is the first in

a series of hearings that will hear testimony regarding recent data, studies and other evidence of discrimination against minority businesses, including the abuse of the subcontractor status of minority businesses. The courts will look closely to see that Congress, while exercising its rights and duties to enact broad discrimination remedies, tailors its legislation in this area within the confines of relevant court decisions. The courts must be convinced that Congress has strong evidence of actual discrimination to fashion a constitutionally sufficient remedy. We can assist by making

sure this information is current and relevant
to present conditions.