

**Testimony of  
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U.S. Women's Chamber of Commerce**

**Before the House Small Business Committee  
for the Hearing  
"Beyond the Size Standards: Sustainability of Small Business Graduates"  
Wednesday, September 14, 2011 at 1:00 p.m.  
Rayburn House Office Building, Room 2360**

Chairman Graves, Ranking Member Velázquez and members of the Committee, I am here today on behalf of the U.S. Women's Chamber of Commerce representing our 500,000 members, three-quarters of whom are American small business owners and federal contractors.

The U.S. Women's Chamber of Commerce strongly opposes H.R. 1812, the Small Business Growth Act, and other similar legislation.

H.R. 1812 arbitrarily and unscientifically abandons the well established small business size standards methodology (which is managed by the Small Business Administration as directed by the Small Business Act -- Public Law 85-236, as amended) -- carving out a new contracting set-aside program for firms that are not small.

The SBA already has tools to assist small business growth.

**SBA size standards methodology has scientific basis, ongoing oversight, and includes the specific objective to assure competition among industries.**

The methodology employed by the SBA to provide small business size standards is scientifically sound, well documented and includes a mandate to foster competition. Through the size standards process, the SBA regularly examines the structural characteristics of industries as a way to assess industry differences and the overall degree of competitiveness of an industry and of firms within the industry. Industry structure is examined by analyzing five primary factors -- average firm size, degree of competition within an industry, start up costs and entry barriers, distribution of firms by size, and small business share in Federal contracts.

SBA also considers other secondary factors as they are relevant to the industries and the interests of small businesses, including technological change, competition among industries, industry growth trends, and impacts on SBA programs.

At the core of the whole size standards philosophy and process is the intent of promoting industry competition -- which is why the SBA includes industry competitive analysis through the measurement of concentration or market power to determine the extent to which a particular industry is dominated by a few large firms.

This is also why the SBA recently increased (and continues to adjust) the employee and/or revenues size of a number of industry size standards -- appropriately fine-tuning industry size standards to reflect the current competitive landscape. In other words, the SBA is already making sure the definition of "small" for each industry encompasses the larger small firms so as to assure a strong competitive climate.

**The federal government is not meeting its statutory obligations and goals for contracting with small businesses. These ongoing shortfalls should be the paramount concern of Congress.**

Over the last five years alone, American small businesses have lost \$22 Billion in revenues as the federal government has consistently failed to achieve the statutory requirement to place 23% of prime contracts with small businesses. This is a horrific loss of opportunity for small businesses, their employees, families and communities.

And, within the prime contracts that are placed with small businesses, the goals for emerging market businesses -- like women-owned small businesses -- are missed year after year. Over the last five years, American women-owned small businesses have lost over \$29 Billion in revenues as the federal government has failed to achieve the goal of 5% prime contracting with women-owned firms.

**What can be done to assure the growth of small firms that fall within industry size standards?**

Congress can take action in a number of ways to support businesses that do qualify as small to assure maximum growth:

Take the caps off the contracting limits within the Women-Owned Small Business Set-Aside Program.

Increase the overall goals for contracting with American small businesses to a percentage that is more in alignment with our numbers.

Increase small business access to capital and compel banks to lend.

Continue to fight to eradicate bundling, big business sole source contracts and fraud.

Stop inappropriate in sourcing. This practice is destroying opportunities for thousands of American small businesses.

Remove the goaling exclusions that limit the "small business eligible" dollars and drive down our opportunities for growth.

Thank you for the opportunity to share our views. We strongly encourage Congress to not step outside of the well established small business size standards system. Instead we ask you to focus on assuring the businesses that are small secure access to larger contracts so that we might continue to grow and prosper.

Thank you.

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**The following (goaling) exclusions apply to the Small Business Goaling Report driving down the dollars annually that are within the 23% statutory goal for prime contracting with small firms and limiting our growth:**

- Javits-Wagner-O'Day Program (JWOD, Sheltered Workshop): Awards that have a contractor with a CCR based Sheltered Workshop designation Flag equal to "Y" are excluded.
- UNICOR: Exclude the UNICOR DUNS numbers specified in the APPENDIX A.
- American Institute in Taiwan: Awards with the American Institute in Taiwan designated as the contractor for the award and determined by a DUNS number of '161174503'.
- Contracts performed outside of the United States: Awards performed outside of the US are designated when the country in the place of performance is NOT the United States.
- Acquisitions by agencies on behalf of foreign governments or entities or international organizations: Awards with a "Foreign Funding" value of 'Foreign Funds FMS' and 'Foreign Funds non FMS' are excluded from the report.
- Contracts funded predominately with agency generated sources. Accordingly, the following Federal Government agencies are excluded:
  - FDIC, 5100
  - Postal Service, 1800
  - Bureau Of Engraving And Printing, 2041
  - United States Mint, 2044
  - Office Of The Comptroller Of The Currency, 2046
  - Office Of Thrift Supervision, 2047
  - Transportation Security Administration, 6965; 7013, (data are included when the signed date is equal to or greater than July 1, 2008)
  - Federal Aviation Administration, 6920
  - Tennessee Valley Authority, 6400
  - Administrative Office of the US Courts, 1027
  - Architect of the Capitol, 0100
  - Bankruptcy Courts, 1021
  - Central Intelligence Agency, 5600
  - Congressional Budget Office, 0800

- Court Services and Offender Supervision Agency, 9594
- Pretrial Services Agency, 959P
- Federal Judicial Center, 1028
- Overseas Private Investment Corporation, 7100
- Supreme Court of US, 1001
- US Courts of Appeals-Judicial Circuits, 1002
- US District and Territorial Courts, 1012
  
- Contracts awarded for the Defense Commissary Agency, (Awards with a Other Than Full and Open Competition value of "RES" for Resale).
- Product Service codes for Leases in the format X\*\*\*.
- Product Service codes for Utilities S112 (Electric).
- Tricare DODAAC - H94002. (based on Contracting Office Code)
- Centers for Medicare & Medicaid Services (CMS) non-appropriated funded contracts - 00NAF. (based on Contracting Office Code)