

The Facts About “The Impact Of Contract Bundling On Small Business”

- The number and size of bundled contracts issued by federal agencies has reached record levels, and small businesses are receiving disproportionately smaller shares of the work on bundled contracts.
- Bundling is largely driven by accretion, or the piling on of dissimilar tasks, to existing contracts.
- In fiscal year 2001 both the number of bundled contracts and the amount of bundled contract dollars were the highest in 10 years. The annual bundled contract count of 28,916 is up 19 percent since 1992 to a total of \$109 billion.
- For every increase in 100 bundled contracts, there is a decrease of 60 contracts to small business. For every additional \$100 awarded on bundled contracts, there is a decrease of \$12 in contracts to small business. At \$109 billion in FY 2001, bundled contracts cost small business \$13 billion annually.
- The 1999 Small Business Re-authorization Act narrowly defines bundling and fails to take into account “accretive bundling”. Accretive bundling has become the more widely practiced form of bundling and has risen significantly since the mid-1990s.
- High spending by the Department of Defense focuses attention on its bundling practices, which resulted in 55 percent of contract dollars being bundled between FY 1992 and 2001.
- Federal government procurement totaled almost \$235 billion in FY 2001.
- Federal agencies are required by law to develop an annual percentage of expenditure goals for small business. Currently, the overall federal small business goal is 23 percent.
- “The Impact of Contract Bundling on Small Business”, authored by Eagle Eye Publishers, is available at www.sba.gov/advo. For more information, contact John McDowell at (202) 205-6941 or at john.mcdowell@sba.gov.