



## Restore Small Business America One Sheet

It has never been timelier to invigorate and support small business in the U.S. Many small businesses have been hard hit by the COVID-19 pandemic. Small business employs half of the American workforce and make up nearly half of U.S. GDP. The key to recovery for America's economy lies in the health of small business. We propose an increase in opportunity for small business to work with the Federal government by streamlining the processes for small business. Here are some of our proposed changes:

- Increase small business set asides from 5% to 40% and increase goals for all designations.
- Stop bundling of government contracts that are consistently awarded to a small number of primes thereby reducing the opportunity for small business direct bid;
- Increase the number of PCRs (small business advocates for more small business set asides);
- Stop outsourcing of federal contracts to large primes who transfer the business overseas;
- Use of factoring to support small business via "non-profit" organizations as a passthrough from SBA (this could be in addition to SBA loans or in lieu of SBA Loans);
- Help subsidize small business with cost prohibitive specialty certifications that are a barrier to eligibility or bidding government contracts (i.e., Cybersecurity certification - CMMC, CMMI, NIST DFARS Clause 252.204-7020, NIST 800-171, ISO);
- Provide more support with teams of small business for the opportunity to bid on large contracts;
- Possible VMS model for IT and professional support to allow for more small business participation;
- Expedited accounts receivable to small business with a (15-30) day net pay for services rendered;
- A simplified RFP process with the ability to accept commercial experience in lieu of past performance if small business is new to the process;
- Address lack of diversity in federal contracting; and
- Equitable access to OTA (Other Transaction Authority) opportunities, currently now specifically allocated to Large Businesses, to help start and grow small business.

### Authors:

Allison Allain, GC and CEO - PCI Builders; WBE, SBE, DBE

Charlotta Carter, President and CEO - GRI Technology Solutions, LLC; SBE, WOSB, EDWOSB, MWBE, CPUC  
Cert, CA DGS MSA & CMAS

Antonette Vanasek, President - Vanasek Insurance Services, Inc.; MBE, DBE, WBE

Apryl Stewart, President and CEO - Skyview Concessions, Inc.; ACDBE, MBE, WBE

Dr. Jennifer Charles, PhD, Owner - Building Block Resolutions, Inc.; WBE, MBE, WMBE, AABE, LSBE, SBE, DBE

Mervain Cutler, President and CEO - Cutler Engineering & Technology Services; SBA 8(a), SDVOSB

Louis Hirsch, President - Parker Lighting, Inc.; SBE, LSBE

# DRAFT

116TH CONGRESS  
2D SESSION

## S. XXXX

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IN THE SENATE OF THE UNITED STATES

APRIL 2021

Senators TBA

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## RESOLUTION

To provide incentives for federal government contracting opportunities with small businesses, and for other purposes.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

### **SECTION 1. SHORT TITLE.**

This Act may be cited as the “Restore Small Business America.”

### **SEC. 2. SIMPLIFY THE RFP PROCESS:**

Whereas, there is a great deal of information provided and requested in the RFP process that is too complex and burdensome for small businesses to easily participate;

Whereas, the “Direct Award” or “Sole Source” within the government’s procurement process is rarely used by most Contracting Officers (COs);

Whereas, the current system is designed to exclude and discriminate against small businesses without the extensive bidding personnel and resources of larger businesses;

Whereas, the qualification of winning bids is not predicated on large firm baselines but consider the resources and cost of small business: for example, long-term government-specific references with past performance and specialized accounting systems are needed, and preference is given to companies that have high revenue thresholds and to companies that have expensive certifications that therefore preclude small business access;

Now, therefore, we propose the creation of a simplified and centralized qualification and bidding system within the SBA for small businesses to compete for work at all levels of government procurements; (i.e. small businesses are registered in SAM and can have the majority of their information extracted and placed within the “Technical Proposal” portion). These RFPs are purposely complex to deter small business from bidding and therefore give the impression that there are no small businesses with the skills to deliver on certain skills. Offer expedited accounts receivable to small business with a (15-30) day net pay for services rendered. Accept commercial experience in lieu of past performance if small business is new to the process.

### **SEC. 3. INCREASE THE AMOUNT OF SMALL BUSINESS ADVOCATES IN PROCUREMENT:**

Whereas, the practice of bundling of smaller government contracts are consistently awarded to a small number of primes, thereby reducing the opportunity for small business direct bid.

Whereas, current government policy requires a portion of each federal spending dollar to be used to help small businesses;

Whereas, large primes do not actively pursue new small business relationships thereby no opportunities to new small businesses;

Whereas, large primes will only provide opportunities to a small coterie of companies that are habitually granted subcontracts;

Whereas, for example, there are 5 companies that regularly receive more than 25% of overall DoD contract dollars;(Source)

Whereas, despite existing laws being in place, there is little to no oversight which guarantees government contracts are not retained by the same large primes year after year; (source NPR).

Whereas, a “good faith effort” needs to be demonstrated for not awarding a contract to small businesses; what constitutes a “good faith effort” is often unclear and not transparent, and if stated not even met;

Whereas, there are no repercussions for large primes leaving out small businesses a using their information with no intention of assigning any work – excluding small and minority owned businesses; (source JDsupra and Source MIT).

Now, therefore, we propose more advocates be added in procurement to monitor and help restructure government contracts; to support and mentor small businesses in order to position them to procure government contracts; and small businesses should be given the ability to create new opportunities so they can qualify and grow their past performance, and thereby be well positioned for future contracts.

#### **SEC. 4. HOLD PRIME CONTRACTORS ACCOUNTABLE THROUGH AUDITS:**

Whereas, yearly audits to monitor how Prime contractors choose subcontractors and hold them accountable;

Whereas, audits should be random, by outside firms, to prevent conflicts of interests for primes to get around a true audit;

Now, therefore, we propose companies who are, in good faith, working with American small businesses be awarded with a 20-25% bid credit against competitors that do not utilize small, American businesses as subcontractors; additionally, ensure that the same small businesses whose certifications were used to win the contract for the prime be used to perform the work; there should be a limit on using the same subcontractors repeatedly to allow for diversity and new small business access to contracts; utilize the federal Mentor-Protégé program and increase audits for companies leveraging the program to ensure primes get special credit for participating in the program as well as for expanding the use of multiple small businesses in their roster.

#### **SEC. 5. STOP OUTSOURCING FEDERAL CONTRACTS TO OTHER COUNTRIES:**

Whereas, every year large primes outsource subcontracts to other countries, sending American jobs overseas and losing upwards of \$100 billion dollars in American small business revenue;

Now, therefore, we propose taxpayer funded federal contracts should be redistributed back to American small business who pay these funds through payroll and employee personal income tax; this will expand the amount of work available for companies to hire locally and rebuild communities; federal dollars should be spent hiring American small businesses and employees.

#### **SEC. 6. ALLOW SBA OR OTHER GOVERNMENT ENTITIES TO JUMPSTART FUNDING FOR AWARDED CONTRACTS:**

Whereas, most government agencies do not pay in timely manner and require large upfront costs to be advanced to begin a contract;

Now, therefore, we propose a non-profit organization be created or utilize existing non-profits to advance small businesses with upfront costs of confirmed invoices once a contract is won; these funds to be provided by the federal government and repaid through proceeds from contract award with a small interest rate charged, so the program is self-sufficient.

#### **SEC. 7. SUBSIDIZE CERTIFICATION COST:**

Whereas, with the advent of the SolarWinds cybersecurity breach, the cost of acquiring mandatory certifications, ex. CMMI Level 3, ISO 90001, CMMC that cost upwards of 60-100K before being able to bid on government contracts;

Whereas, contracts like GWAC/IDIQ – for instance (Polaris): scoring gives higher points from mid-size to large business (Past Performance Revenue) then small business based on revenues even if one creates a partnership or joint venture); this presents a huge burden to small business for access to long-term contracts of 5+ years which are regularly afforded to large business;

Now, therefore, we propose that the SBA or some other governmental entity subsidize the cost of these costly certifications for small businesses or provides the certifications for free.

#### **SEC. 8. EQUITABLE ACCESS TO OTA OPPORTUNITIES AND FUNDING**

Whereas, another funding vehicle for companies with innovative prototypes of that most small business are not aware of nor provided access is OTA – (Other Transaction Authority), an unregulated fund that large businesses access to grow their companies;

Whereas, large businesses, such as Microsoft, obtained their most recent 22B contract for their VR product which was fully funded by the government from prototype to productions;

Whereas, there is a lack of transparency and small business access to OTA opportunities;

Now, therefore, we propose equitable, affordable access to OTA (Other Transaction Authority) opportunities, currently now specifically allocated and available to large businesses, to help start and grow small businesses and drive innovation (NIST DFARS Clause 252.204-7020 NIST 800-171).

#### **SEC. 9. INCREASE SMALL BUSINESS GOAL FOR FEDERAL CONTRACTING:**

Whereas, Small Businesses represent nearly 50% of all American businesses, employ between 46-50% of American private and public-sector employees, and generate roughly 50% of American GDP;

Now, therefore, we propose increasing the Small Business goal designation to 50% to represent the true market share of small business in the American economy, driving innovation and higher net job creation.

## **SEC. 10. DIVERSITY IN GOVERNMENT CONTRACT SERVICES:**

Whereas, during the COVID-19 pandemic, African-American business ownership declined by 41%, Latinx business ownership fell by 32%, Asian business ownership dropped by 26%, and woman-owned by 25%; (Source: National Bureau of Economic Research);

Whereas, minority-owned small businesses account for 29.3% of all American small businesses. Women-owned businesses account for 31% of all American small businesses, and Women of Color (WOC) account for 50% of all women-owned businesses. African-American women-owned businesses account for 21% of all women-owned small business;

Whereas, for example, African-American women revenues still lag behind their white counterparts in the same industries. African-American women-owned businesses earned an average of \$24,000 versus an average of \$142,900 among all other women-owned businesses: reasons include lack of funding or access to capital, lack of access to business mentorship and education, and lack of reputation;

Now, therefore, we propose to facilitate more government contract awards by increasing the 20% goal designation for MBE (Minority Business Enterprise) and WBE (Women Business Enterprise) to 40% to redress the lack of diversity in the number of Women of Color; Connect with existing resources and organizations such as ODOS (One Degree of Separation) for additional support for Minority Businesses, as well as Micro and African-American owned; More education and training in awareness for Contract Officers (CO) and Procurement Center Representatives (PCR) around targeting African-American and Women of Color with government contracts.

## **SEC. 11. INCREASE OPPORTUNITIES FOR WOSB:**

Whereas, Women Owners of Small Business (WOSB) have a unique challenge of getting access to federal contracts and require much to obtain and retain opportunities that other large companies have enjoyed over years;

Whereas, many male-owned businesses are taking advantage of the 51% metric of ownership by placing women as owners in-title-only, thereby gaining specialized access to contracts they otherwise would not qualify for;

Whereas, Women-owned businesses account for 31% of all American small businesses;

Now, therefore, we propose the following:

- Increase the percentage of WOSB set aside from 5% to 30%;

- Expand the Mentor/Protégé program to increase the number of large primes in the program, include 8(a) companies to also be in the program to help new or smaller WOSB get access, and provide mentoring on working in the government environment and obtain past performance;
- Primes and 8(a) companies should be rewarded by allowing them a 10% credit on bidding cost over firms that do not participate in the program;
- Build teaming program and software to match WOSB using AI technology to get the best match based on size, industry, certifications, etc. on a continuous basis. A 10% bidding credit should also be awarded to these teaming groups;
- WOSB that are 100% woman-owned should be given additional credit for bidding on government Contracts over WOSB that are only 51% woman-owned as some of these organizations are a front for non-WOSB to get access to government contracts;
- Training and support to help move from WOSB to 8(a), GSA, and other preferred government contract vehicles that makes it easier to grow your businesses;
- More focus on WOSB and underserved women-owned businesses (WMBE);
- Ensure subsidies for certifications needed to bid on contracts i.e CMMC, CMMI , ISO900.

#### **SEC. 12. SBA 8(a) PROGRAMS HAVE GOALS FOR DEPARTMENT OF DEFENSE AND FEDERAL GOVERNMENT CONTRACTING:**

Whereas, SBA 8(a) programs have goals for Department of Defense (DoD) and Federal government contracting of 5%;

Whereas, due to COVID-19 environment small business have had contracts postponed or not awarded;

Whereas, efforts have not been made to evaluate the current environment on DoD minority-owned businesses;

Now, therefore, we propose an increased percentage goal for 8(a) participants to 15%, to correct deficiencies in DoD goal designation achievements and increase opportunities.

#### **SEC. 13. USE OF THE SBAs “DIRECT AWARD” TO RESOLVE SOME CONTRACTING CONCERNS FOR THE DEPARTMENT OF DEFENSE:**

Whereas, up to \$4 million dollar contract awards are in services and \$6.5M in product procurements can be awarded in compliance with the SBAs programs.

Whereas Department of Defense assists minority owned businesses during COVID -19 environment by making awards through its contract offices while promoting use of 8(a) companies.

Whereas, a contracts office uses set-aside contracts for small, disadvantaged businesses [8(a)];

Whereas, one can find the dollar thresholds for mandatory competition and the procedures for requesting a waiver in [13 CFR 124.506](#);

Whereas, you can award a competitive 8(a) set-aside contract if:

- A reasonable expectation that at least two qualified 8(a) small businesses will submit offers;
- The resulting contract can be awarded at a fair market price;
- The government estimate exceeds \$7 million for manufacturing requirements or \$4 million for all other requirements; and
- The requirement has not already been accepted by the SBA as a sole-source 8(a) award on behalf of a tribally-owned or ANC-owned business;

Whereas, since contract awards worth less than \$150,000 are automatically set aside for small business, one can choose to set it aside specifically for small business in socio-economic programs like the 8(a) program; both [SBA's regulations](#) and the [FAR](#) require one to consider socio-economic programs first for set-aside contracts worth \$150,000 or more. There is no order of preference amongst the programs;

Whereas, one must document rationale used to make decision in the contract file to include information about research and documentation of the winning contractor's certification in the [System for Award Management](#) (SAM);

Now, therefore, we propose if a requirement has been accepted by SBA for Direct Award under the 8(a) program, then the federal government contracting offices should implement measures to ensure use of the Direct Award Program under the guidances of the SBA, and measures should be used to track the number of Direct Award contracts issued under this program.

#### **SEC. 14. CREATE SMALLER AND MEANINGFUL CONTRACTS FOR AIRPORT SMALL BUSINESS CONCESSIONAIRES:**

Whereas, current airport concessions contracts are multimillion dollar leases that are too capital intensive for small and minority business owners;

Whereas, this can be achieved with Direct Lease model locations that are set aside for ACDBE operators;

Whereas, the DBE program is essential to remedy discrimination and its effects on women and minority-owned business while ensuring all businesses can compete for Federal transportation dollars on a level playing field;

Whereas, DOT's DBE program, since its inception, has been devoted to combatting discrimination, and the continuing effects of past discrimination, in federally assisted highway, transit and airport programs and projects;

Whereas, the ACDBE program has been instrumental in providing opportunities for small minority and women owned disadvantaged companies to participate in the aviation industry and the airport concessions business and provide job growth;



Whereas, airports are very challenging environments in which to start up and operate a business. Businesses face large upfront capital expenditures, high construction costs, limited access to capital, high rents and minimum annual guarantees (MAGs) are required to operate in airport spaces, and higher operating costs due to the federally regulated safety and security requirements at airports.

Now, therefore, we propose to create meaningful and lucrative opportunities for small to medium sized businesses to compete, win, and operate in airports;

#### **SEC. 15. DISADVANTAGED BUSINESS ENTERPRISE:**

Whereas, some contracts, such as airport contracts, are capital intensive and require personal assets to collateralize funding;

Whereas, DBEs seeking funds are often denied due to disproportionate collateral requirements when compared to personal assets;

Whereas, an individual's personal net worth according to 49 C.F.R Parts 23 and 26 includes only his or her own share of assets held separately, jointly, or as community property with the individual's spouse and excludes the following:

- (1) Individual's ownership interest in the applicant firm;
- (2) Individual's equity in her or her primary residence; and
- (3) Tax and interest penalties accrue if retirement savings or investments (e.g. pension plans, Individual Retirement Accounts, 401(k) accounts, etc.) were distributed at the present time.

Whereas, if personal net worth of the majority owner(s) of the firm exceeds \$1.32 million, as defined by 49 C.F.R. Parts 23 and 26, the firm is ineligible for DBE (or ACDBE) certification;

Whereas, if personal net worth of the majority owner(s) exceeds the \$1.32 million cap, at any time, after the firm is certified, the firm is no longer eligible for certification;

Whereas, the last increase to the DBE cap was in 2013;

Now, therefore, we propose that the DBE cap be raised to keep up with inflation and cost of living.

#### **SEC. 16. ENSURING CHILD CARE FEDERAL FUNDS GO TO CHILD CARE WORKERS**

Whereas, 80% of discouraged workers were women, and cited lack of childcare as the reason for being unable to work ([source](#));

Whereas, childcare workers find that they make more money on unemployment and stimulus checks ([source](#)). Coupled with the high turnover and low pay of childcare workers, most do not even make a living wage, the childcare industry is set to collapse, costing a further dip in the American economy and workforce;

Whereas, 40% of childcare agencies, which are disproportionately owned by women and minorities, are anticipating shutting down, adding to the childcare crisis due to already thin margins ([Source](#), [source](#));

Whereas, 93% of child care workers are women, and 45 percent are Black, Asian or Latino ([source](#));

Whereas, the trend of no bid contracts being awarded to large childcare agencies continues to ensue ([source](#));

Whereas, audit reports have found that in some of these cases the funds are often gained through political relationships and the funds are either unaccounted for or misallocated altogether ([source](#), [source](#), [source](#));

Whereas, behind the scenes contract awards being given to private companies continue to be a problem that pushes out the smaller businesses ([Source](#), [source](#));

Now, therefore, we propose that 40% of federal contract dollars for child care should be set aside for small business with MBE, WBE, OR WMBE, and higher priority be given to those with all designations.

*Resolved*, That the Senate —

Authored by the National Small Business Advocacy Council (NSBAC):

Allison Allain, GC and CEO - PCI Builders; WBE, SBE, DBE

Charlotta Carter, President and CEO - GRI Technology Solutions, LLC; SBE, WOSB,  
EDWOSB, MWBE, CPUC Cert, CA DGS MSA & CMAS

Antonette Vanasek, President - Vanasek Insurance Services, Inc.; MBE, DBE, WBE

Apryl Stewart, President and CEO - Skyview Concessions, Inc.; ACDBE, MBE, WBE

Dr. Jennifer Charles, PhD, Owner - Building Block Resolutions, Inc.; WBE, MBE, WMBE,  
AABE, LSBE, SBE, DBE

Mervain Cutler, President and CEO - Cutler Engineering & Technology Services; SBA 8(a),  
SDVOSB

Louis Hirsch, President - Parker Lighting, Inc.; SBE, LSBE



## **Restore Small Business America**

### **Fact Sheet**

#### **INTRO:**

It has never been more timely to invigorate and support Small Business in the US. Many Small Businesses have been hard hit by the COVID-19 pandemic. Small Businesses employ half of the American workforce and make up nearly half of US GDP. The key to recovery for America's economy lies in the health of her Small Businesses. We propose increasing opportunities for putting Small Businesses to work with the Federal government by simplifying and enlarging the path to get there.

#### **Increase the amount of Small Business Advocates in Procurement:**

More advocates need to be added in procurement to help restructure government contracts to create, support and mentor small businesses to position them to obtain government contracts. They should be given the ability to create new opportunities so that small businesses can actually qualify and grow their "past performance" as well as position them for other types of contracts in the future : 8(a), Hubzone, GSA, etc.

#### **Hold Prime Contractors Accountable Through Audit:**

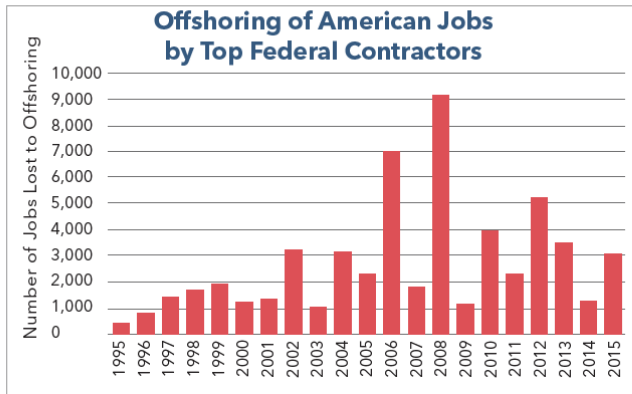
Yearly audits on the process by which Prime contractors choose subcontractors and hold them accountable. These audits should be random and help by outside firms as not to allow conflicts of interests for primes to get around a true audit - For companies that are truly working with small businesses and helping with domestic businesses - awards in giving them a 20-25% credit for bids against their competitors that are not using small domestic businesses as subs.

**Stop Outsourcing Federal Contracts to Other Countries: -**

Large primes are also outsourcing a lot of smaller contracts to other **COUNTRIES** (with taxpayer dollars). These dollars should be brought back and distributed among small businesses who are paying those tax dollars and who hire the workers that pay those tax dollars. This will expand the amount of work available for companies to hire locally and rebuild communities. All Federal dollars should be spent hiring American small businesses and employees. Approximately 87% of Federal revenues come from personal income tax (50%) and payroll tax (37%). Hiring American Small Businesses with Federal contract dollars recharges the Treasury.

In 2019, Sen. 's Gillibrand and Baldwin introduced their own Senate Bill, the End Outsourcing Act. We wish to use this bill as a jumping off point for stopping all outsourcing from Federal contracts.

<https://www.congress.gov/bill/116th-congress/senate-bill/3425/text>



**Top 10 Commercial Federal Contractors  
by Number of TAA-Certified Offshored Jobs**

Federal Contractor	Jobs Certified as Offshored Under TAA	FY 2016 Contract Award
GENERAL ELECTRIC	8,736	\$1,890,000,000
UNITED TECHNOLOGIES <sup>3</sup>	5,716	\$6,478,000,000
HONEYWELL	5,470	\$2,256,000,000
HEWLETT PACKARD	5,331	\$2,391,000,000
GENERAL MOTORS	5,303	\$334,000,000
SIEMENS	4,488	\$431,000,000
DELL	2,902	\$704,000,000
FORD	2,668	\$435,000,000
TEXTRON	1,726	\$1,980,000,000
IBM	1,703	\$1,126,000,000

Since President Trump's inauguration the flow of federal contract awards to the major offshorers has continued unabated, with United Technologies, for instance, receiving 15 new awards; and General Electric receiving more than 150 awards.

### SHIPPING U.S. CALL CENTER JOBS OVERSEAS

Over the past few decades, major federal telecom contractors, including **T-Mobile, Verizon** and **AT&T**, have closed call centers from Oregon to Florida; and Maine to Texas.

By shipping call-center jobs overseas, these companies have affected 18,000 working families and destroyed communities that depended on these jobs.

Together, these companies received \$897 million in federal contracts in FY 2016 alone.

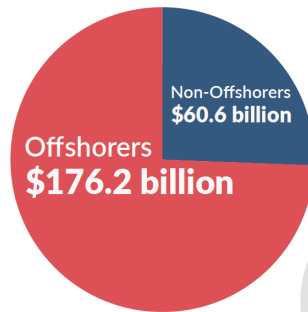
In an effort to reverse this trend, in February 2017, a group of lawmakers sent a letter to President Trump urging him to sign an executive order that would ban federal contractors from offshoring call center jobs.

After receiving no response from the White House, the lawmakers – led by Democratic Senator Bob Casey of Pennsylvania and Republican Rep. David McKinley of West Virginia – introduced the United States Call Center Worker and Consumer Protection Act of 2017, which would create a preference in contract awards to companies that have not offshored call center jobs.

<sup>3</sup>This number excludes the 800 jobs that Carrier, a subsidiary of United Technologies, decided to keep in Indianapolis late last year.

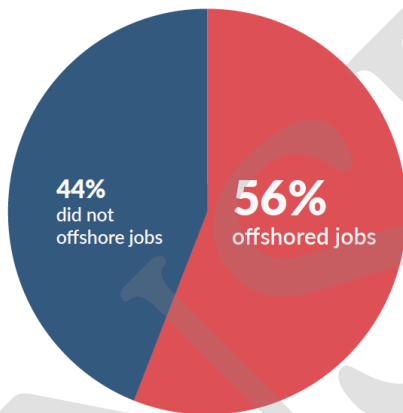
- TAA-certified offshoring by top-100 commercial contractors is a long-standing and ongoing problem, with thousands of job losses reported for every year since 1995, including the post-2008 economic recovery. (See chart on page 5.)<sup>2</sup>

**Amount of FY 2016 Federal Contract Dollars Received by Top 100 U.S. Firms Grouped by Offshorers and Non-Offshorers**



**Our research reveals that 56 percent of the top 50 U.S. firms awarded the largest taxpayer-funded contracts in fiscal year (FY) 2016 engaged in offshoring.**

**Percentage of Top 50 U.S. Firms that Received FY 2016 Federal Contracts and Engaged in Offshoring**



**In addition, 41 of these top 100 federal contractors, which received over \$176 billion in taxpayer dollars in that year alone, have shipped American jobs overseas, and many continue to do so today.**

Additional Supporting Resources:

[Biden to offer tax credit to companies not offshoring](#)

[Offshoring - Top Prime Government Contractors - Complete Report](#)

[2020 Update of Government Prime Contractors Offshoring of Tax Dollars](#)

[Executive Order to reduce Offshoring of Government Contracts and Jobs](#)

[Sen Tammy Balwin Bill Against Government Contractor Offshoring](#)

### **Allow SBA or other Government Entities to Jumpstart Funding for Awarded Contracts:**

Put in place a non-profit organization that can help small businesses with the upfront cost once a contract is won. Most gov agencies don't pay on time and require a lot of the upfront cost to be provided to begin a contract. The money that is needed could be funded by a non-profit group funded by the gov as a "jumpstart" project that is inevitably going to get repaid by the contract that is awarded. There could be a small commission charged for the service that could keep the program going.

### **Diversity in Government Contract Services:**

We need more education and awareness of CBOs and training around targeting African American women of color and government contracts. As of 2019, women of color account for 50% of all women-owned businesses. Black women owned businesses account for 21% of all women owned small businesses. Unfortunately, their revenues still lack behind their white counterparts in the same industries. Black women owned businesses earned an average of \$24,000 versus an average of \$142,900 among all other women owned businesses. These reasons are due to (1) lack of funding (2) lack of education (3) lack of reputation. [Link to report here](#). In order to help this population get started, we ask for a 40% goal designation for MBE (Minority Business Enterprise).

This space is a trillion dollar industry which lacks the number of women of color. Add goal designation for MBE. Connect with ODOS ([One Degree of Separation](#)) for additional support for Minority Businesses, Micro, African American-owned. [Petition to help black women owned businesses here](#).

During the COVID19 pandemic black business owners have experienced 41% loss of their businesses, and female-owned businesses experienced a 25% loss of their businesses. ([Source: National Bureau of Economic Research](#)).

CLOSING THE REVENUE GAP FOR  
MINORITY-WOMEN-OWNED BUSINESSES WOULD  
HAVE A HUGE IMPACT ON THE ECONOMY

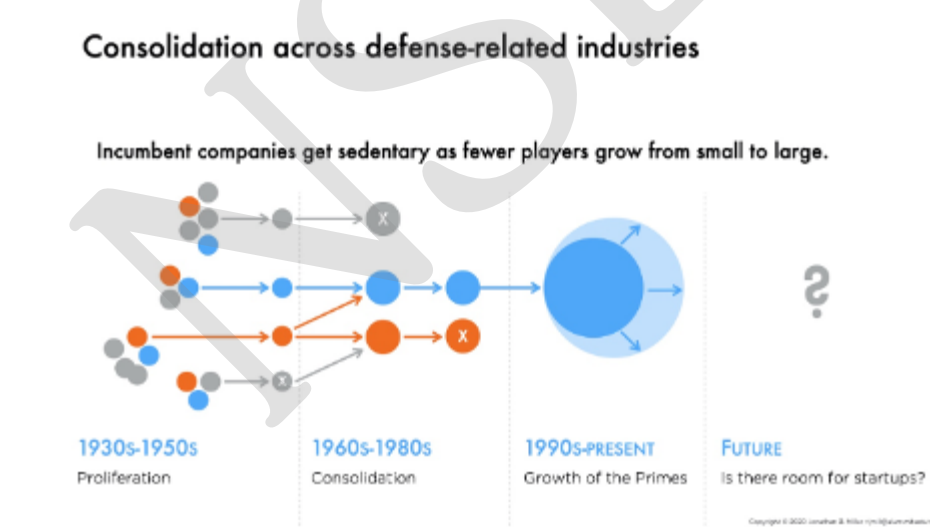


### **More Available Small Business Opportunities to WOSB:**

Stop consolidating a lot of government contracts to a handful of large primes especially in professional services and break up some of these opportunities to allow small businesses to apply directly. Although current government policy requires a portion of each federal spending dollar to be used to help small businesses, large primes will not open up to new small businesses and will only give access to a small closed circle of companies that are always granted opportunities. There are 5 companies that regularly receive more than 25% of contract dollars ([Source](#))

Although the efforts to combat this has been ongoing for over 25 years real action has not taken place. There are laws in place but little to no oversight, so the government contracts keep going to the same companies. ([source NPR](#)). Oftentimes a “good faith effort” needs to be demonstrated for not awarding small businesses, however what constitutes a “good faith effort” is often a low bar, unclear, or not even met. Additionally, there are often no repercussions for primes leaving out small businesses and even using their information with no intention of assigning any work – excluding small and minority owned businesses. ([source JDsupra](#) and [Source MIT](#)). To combat this congress must Broaden and increase goals for SBE, DBE, WBE, and SDVBE.

Finally, simplify the process. The process to apply for a federal contract opportunity can be complicated ([source FedNewsNetwork](#)). Often, the process to apply for a contract is often long, and complicated – sometimes taking months to complete and hundreds of hours of work – which puts small businesses again at a disadvantage as they often do not have the resources to solely dedicate to filling out contracting and soliciting opportunities.



**SBA 8(a) programs have goals for Dept. of Defense and Federal government contracting of 5%:**



This is true and yet during the COVID-19 environment some small businesses have had their contracts either postponed or not awarded due to the COVID-19 environment that exists, i.e., “Travel Ban”. No efforts have been made to evaluate the current environment on DoD minority owned businesses.

Additional solutions - Increase the percent set-aside for small businesses from 23% to 40% which is reflective of the amount of small businesses that helps to run our economy. Small Business should not be 500 employees. This skews the small business achievement goals that shows up in the SBA number of meeting small business set-aside. Either create a “new category” that is really reflective of small businesses - “micro-businesses” or redefine the scope of small business.

<b>Prime Contracting Achievement - Government Wide Performance</b>			<b>60.87%</b>
<b>FY 2019 SB Scorecard</b>			
	<b>2018 Achievement</b>	<b>2019 Goal</b>	<b>2019 Achievement</b>
Small Business	25.05%	23%	26.5% (\$132.9B)
Women Owned SB	4.75%	5%	5.19% (\$26.0B)
Small Disadvantaged Business	9.65%	5%	10.29% (\$51.6B)
Service Disabled Veteran Owned Small Business	4.27%	3%	4.39% (\$22.0B)
HubZone	2.05%	3%	2.28% (\$11.4B)
<b>Subcontracting Achievement</b>			<b>19.38%</b>
Small Business	32.10%	29.81%	33.27%
Women Owned SB	5.50%	5%	5.25%
Small Disadvantaged Business	4.90%	5%	4.17%
Service Disabled Veteran Owned Small Business	2.10%	3%	1.95%
HubZone	1.40%	3%	1.37%

<https://www.sba.gov/article/2020/aug/12/federal-government-exceeds-small-business-contracting-goals-awarding-record-breaking-1329-billion>

**Use of the SBAs 8(a) “Direct Award” could/would resolve some contracting concerns for the DoD:**

In areas where up to \$4 million dollar contracts in services, \$6.5M in product procurements, can be awarded in compliance with the SBAs programs, the DoD might be able to assist minority owned businesses during the current environment by making these awards more available to its’ contracts offices and promoting the use of 8(a) companies.

**Types of 8(a) contracts**

As a contracting officer, you’re allowed to use set-aside contracts for small disadvantaged businesses. You can find the dollar thresholds for mandatory competition and the procedures for requesting a waiver in [13 CFR 124.506](#).

You can award a competitive 8(a) set-aside contract if:

- You have a reasonable expectation that at least two qualified 8(a) small businesses will submit offers
- The resulting contract can be awarded at a fair market price
- The government estimate exceeds \$7 million for manufacturing requirements or \$4 million for all other requirements
- The requirement hasn’t already been accepted by the SBA as a sole-source 8(a) award on behalf of a tribally-owned or ANC-owned business

You can award a sole-source 8(a) contract if:

- You determine that the qualified small business is responsible
- The resulting contract can be awarded at a fair market price
- The government estimate doesn’t exceed \$7 million for manufacturing requirements or \$4 million for all other requirements (There's an exception to this rule for entity-owned businesses)

Contracts worth less than \$150,000 are automatically set aside for small businesses. If possible, you can choose to set it aside specifically for businesses in socio-economic programs like the 8(a) program.

Both the [SBA's regulations](#) and the [FAR](#) require you to consider socio-economic programs first for set-aside contracts worth \$150,000 or more. There is no order of preference among the programs.

You must document the rationale you used to make your decision in the contract file. Include information about your research and documentation of the winning contractor's certification in the [System for Award Management](#) (SAM).

If a requirement has been accepted by SBA under the 8(a) program, it must remain in the 8(a) program unless the Associate Administrator of the [Office of Business Development](#) agrees to its release. You can read more about releasing a requirement in [13 CFR 124.504](#).

<https://www.sba.gov/partners/contracting-officials/contracting-program-administration/8a-program-administration>

**There is a simplified acquisition process - Use it:**

Broaden the RFP's that qualify for the simplified process, and look to other successful, streamlined programs for guidance on further simplification.

**Simplify the RFP process:**

Overall, the RFP process is quite complicated in most federal procurements. There should be a simplified process for SBs to compete for work at all levels of government procurements. Most SBs are registered in SAM and therefore could have the majority of their information pulled from there and complete specifics within the "Technical Proposal" portion. There is also the "Direct Award" or "Sole Source" within the government's procurement process and it is rarely used by most Contracting Officers (KOs). Overall, there is a great deal of information provided within the process that needs to be streamlined and simplified. In the space of certification: With the revelation of Solarwinds Cyber hack, the world of Cybersecurity is going to come crashing down on small businesses. We need SBA or some government agency to subsidize the cost of acquiring these mandatory certifications, ex. CMMI Level 3, ISO90001, CMMC that could cost upwards of 60-100K before being able to bid on government contracts?

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Additionally, contracts like GWAC/IDIQ - for instance (Polaris) - scoring gives higher points to mid-sized to larger businesses (Past Performance Revenue) with more than smaller businesses based on the amount of revenue even if you partner or create a Joint Venture (JV). This is a huge roadblock to small businesses getting access to long term contracts (5+ years) that the large corporations are afforded. Reminder: this is taxpayer money, much of which is funded by small businesses and their employees while large corporations (who often pay little to no taxes) are allowed to take that money and do as they please (i.e. outsourcing for higher profit margins).

**Other Transaction Authority:**

Recently, it came to light for our group that there was another funding vehicle for companies with innovative prototypes that small businesses are not even aware of - [OTA - \(Other Transaction Authority\)](#) - a deposit of very unregulated funds that large companies are able to access to grow their businesses: this was the path that Microsoft took to get their most recent \$22B contract for their VR product - the government paid for all of it: from prototype to production, all funded through the OTA model using government funds. We need to allow small businesses the opportunity to have access to these funds for their own innovations.

**Create smaller and meaningful contracts for airport small business concessionaires** - Apryl

Currently airport concessions contracts are multimillion dollar leases that are too capital intensive for small and minority business owners. Create meaningful and lucrative opportunities for small to medium sized businesses to compete, win, and operate on airports. This can be created with Direct Lease model locations that are set aside for ACDBE operators.

The DBE program is essential to remedy discrimination and its effects on women- and minority-owned businesses while ensuring all businesses can compete for Federal transportation dollars on a level playing field.

DOT's DBE program, since its inception, has been devoted to combatting discrimination, and the continuing effects of past discrimination, in federally assisted highway, transit and airport programs and projects. ARRA fully supports the core goals and objectives of the DBE program, which are to level the playing field by providing small businesses, like the airport concessionaires within our membership, that are owned and controlled by socially and economically disadvantaged individuals, with fair and

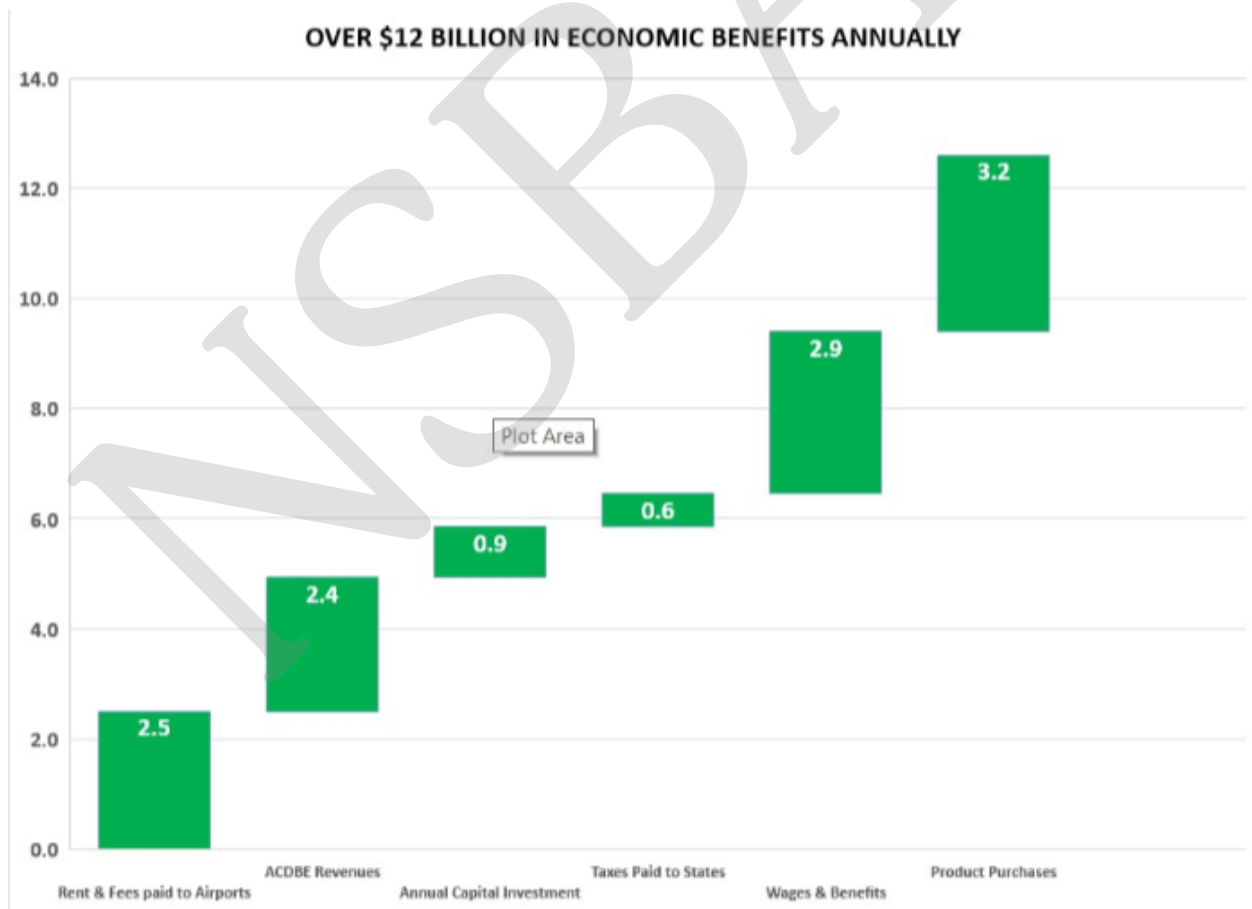
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significant opportunities to compete for federally funded transportation contracts and compete in contracting and business opportunities,

The ACDBE program has been instrumental in providing opportunities for small minority and women owned disadvantaged companies to participate in the aviation industry and the airport concessions business. Airports are very challenging environments in which to start up and operate a business. These companies face large upfront capital expenditures, high construction costs, limited access to capital, high rents and minimum annual guarantees (MAGs) that are required to operate in airport spaces, and higher operating costs due to the federally regulated safety and security requirements at airports.

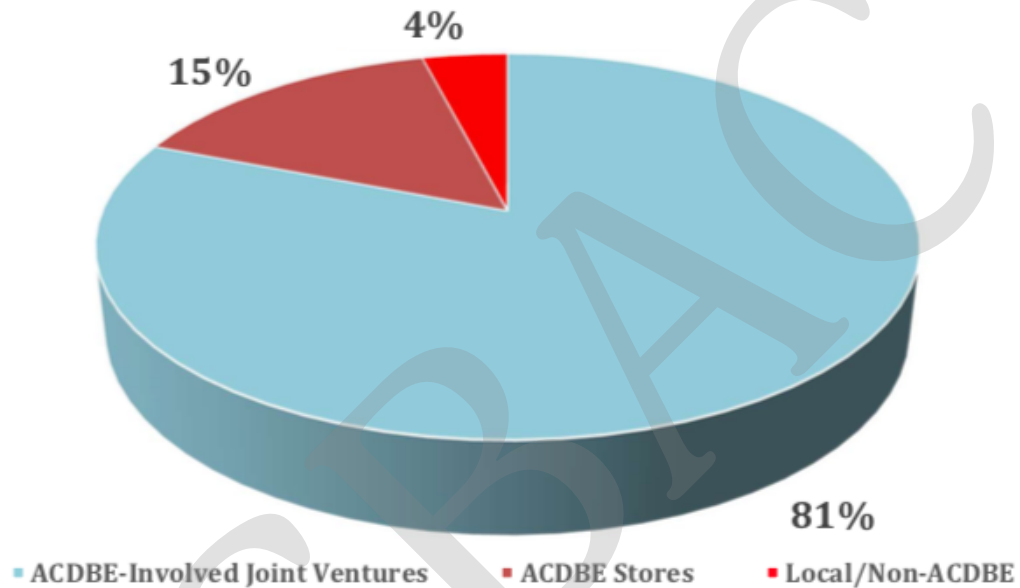
### Airport Restaurant and Retailers are Critical to the Local Economy

Airport restauranters and retailers contribute significantly to local economies, said ARRA, to the tune of around US\$12 billion a year (see chart).



Source: ARRA Members

### ACDBE Participation in Airport Concessions



#### NEED DISPARITY STUDY

##### **Increase the Personal Net Worth (PNW) Limitation for DBE (Disadvantaged Business Enterprise)**

For example, Airport contracts are capital intensive often requiring personal assets to collateralize funding. ACDBEs seeking funding are often denied due to the disproportionate collateral requirements when compared to personal assets.

The current PNW threshold will expire in 2021 and was last increased in 2006. This number should keep pace with inflation and the cost of living.

An individual's personal net worth according to 49 C.F.R Parts 23 and 26 includes only his or her own share of assets held separately, jointly, or as community property with the individual's spouse and excludes the following:

Individual's ownership interest in the applicant firm

Individual's equity in her or her primary residence

Tax and interest penalties that would accrue if retirement savings or investments (e.g. pension plans, Individual Retirement Accounts, 401(k) accounts, etc.) were distributed at the present time.

If the personal net worth of the majority owner(s) if the firm exceeds \$1.32 million, as defined by 49 C.F.R. Parts 23 and 26, the firm is not eligible for DBE or ACDBE certification. If the personal net worth of the majority owner(s) exceeds the \$1.32 million cap at any time after your firm is certified the firm is no longer eligible for certification.

### **Ensuring Child Care Federal Funds go to Child Care Workers**

Whereas, 80% of discouraged workers were women, and cited lack of childcare as the reason for being unable to work ([source](#)).

Whereas, childcare workers find that they make more money on unemployment and stimulus checks ([source](#)). Coupled with the high turnover and low pay of childcare workers, most do not even make a living wage, the childcare industry is set to collapse, costing a further dip in the American economy and workforce.

Whereas, 40% of childcare agencies, which are disproportionately owned by women and minorities, are anticipating shutting down, adding to the childcare crisis due to already thin margins ([Source](#), [source](#)).

Whereas, 93% of child care workers are women, and 45 percent are Black, Asian or Latino ([source](#)).

Whereas, the trend of no bid contracts being awarded to large childcare agencies continues to ensue ([source](#)).

Whereas, audit reports have found that in some of these cases the funds are often gained through political relationships and the funds are either unaccounted for or misallocated altogether ([source](#), [source](#), [source](#)).

Whereas, behind the scenes contract awards being given to private companies continue to be a problem that pushes out the smaller businesses ([Source](#), [source](#)).

Now, therefore, we propose that 40% should be set aside for small business and MBE and WMBE and higher priority be given to those with both designations.

The proposed \$39B from the Biden/Harris administration for childcare and childcare workers is a great indication that the government acknowledges this field is critical to America's infrastructure. Nationally, the cost of lost earnings, productivity, and revenue due to the child care crisis totals an estimated \$57 billion each year and adding school closures could cost as much as \$700B ([source](#), [source](#)). Most agencies were already operating on thin margins and now the high cost of Covid19 accommodations are one of the main drivers of shut downs as 56% of these agencies said they were losing money every day ([source](#)).

We want to make sure that these funds actually go to small businesses that disproportionately make up the childcare industry. An industry that needs to provide a living wage to their workers. The childcare industry includes daycares, special needs service agencies, educational centers, and afterschool programs. We are proposing that the oversight committee needs to have at least one member that is the owner of a small business, one owner that is an owner of a child care agency, preferably this would be the same person.

Authors:

Allison Allain, GC and CEO - PCI Builders; WBE, SBE, DBE

Charlotta Carter, President and CEO - GRI Technology Solutions, LLC.; SBE, WOSB,  
EDWOSB, MWBE, CPUC Cert, CA DGS MSA & CMAS

Antonette Vanasek, President - Vanasek Insurance Services, Inc.; MBE, DBE, WBE

Apryl Stewart, President and CEO - Skyview Concessions, Inc.; ACDBE, MBE, WBE

Dr. Jennifer Charles, PhD, Owner - Building Block Resolutions, Inc.; WBE, MBE, WMBE,  
AABE, LSBE, SBE, DBE

Mervain Cutler, President and CEO - Cutler Engineering & Technology Services; SBA 8(a),  
SDVOSB

Louis Hirsch, President - Parker Lighting, Inc.; SBE, LSBE