



NATIONAL ASSOCIATION OF
WOMEN BUSINESS OWNERS

The Honorable Steven C. Preston
Administrator
Small Business Administration
740 15th Street NW
Washington, D.C. 20005-3544

Dear Administrator Preston:

National Association of Women Business Owners® (NAWBO®) is pleased to see that the RAND study of the under-utilization of women-owned businesses in federal contracting was completed and has now been made public. We urge you to take immediate action to implement the findings in the study and issue final regulations for the women-owned small business (WOSB) set aside program

As we noted in our comments to the proposed rules nearly a year ago (enclosed), there is currently a \$5 billion gap between the 3.3% of federal contract dollars going to women-owned businesses and the share of dollars they would be receiving if the government achieved the 5% goal set more than 12 years ago. Clearly, it is most urgent that the SBA take every action necessary and without further delay to ensure that women-owned businesses are getting their fair share of the government's business in every procurement category.

In urging you to implement the WOSB set aside program without delay, NAWBO also urges you to do so in the manner most likely to produce a fair result. In this regard, we have serious concerns about some aspects of the RAND study, notably: 1) the exclusion of all sole proprietor businesses from the RAND analysis of availability; 2) the suggestion that it might be appropriate to use the number of women-owned businesses registered on the Central Contractor Registry (CCR) as a measure of the number of women-owned businesses "ready, willing and able" to do business with the federal government; and 3) the suggestion (which apparently came from the SBA) that success in utilizing women owned businesses might fairly be measured by the dollar value of contracts received rather than the number of contracts awarded.

As we noted in our comments on the proposed rules and as documented in NAWBO's national Procurement Task Force Report (enclosed), many women-owned businesses have simply stopped seeking to do business with the federal government because of the significant obstacles they face and because of a sense that the government's inability to implement the WOSB set aside program after 7 years or to achieve the 5% goal after 12 years signals that seeking federal contracts is a futile exercise. Accordingly, we ask you to reject any suggestion that the SBA use the number or percentage of CCR-registered WOSB's as the basis for deciding what percentage of WOSB's are "ready, willing and able" to do business with the federal government.

NAWBO is also very concerned that the RAND study excluded all non-employer firms from the pool of firms likely to be "ready, willing and able" to do business with the federal government. This decision appears to have been based in whole or in part by a "finding" that most firms on the CCR report having one employee. This decision on the part of RAND is without adequate foundation in fact. There are many sole proprietor businesses among WOSBs, particularly in the professional services sector, that are ready, willing and able to do business with the federal government. Their exclusion from the RAND analysis will ensure that any finding of underutilization will be understated, and this flaw in the study underscores the need to use the broadest possible definition of availability offered in calculating the under-representation of women-owned businesses among federal contractors.

Our concerns about the RAND analysis and the suggested methodologies to be utilized to determine availability are bolstered by the findings of a recent study of women-owned businesses in Virginia (enclosed) which shows that 46% of 51% women owned businesses in Virginia are sole proprietor businesses and that 20% of the 51% women owned businesses are currently doing business with the federal government while another 37% would like to be doing business with the federal government. This study confirms that there is a significant pool of WOSB's available and willing to do business with the federal government that are not currently registered on CCR and that a significant number of these have no employees.

Finally, we are dismayed that the SBA would suggest to RAND that it might be interested in using dollars awarded to determine whether women-owned businesses are getting their fair share of federal contracts rather than the numbers of contracts awarded. Given the obvious fact that a single large contract could skew the analysis of utilization significantly, this suggestion should be rejected out of hand as the SBA moves forward with full implementation of the WOSB set aside program.

NAWBO asks that you take these concerns into account as you take immediate action to bring the WOSB set aside program into fruition and implement additional programs to move the government forward to the longstanding 5% procurement goal and, where appropriate, beyond this minimum objective. We stand ready, willing and able to partner with you in this process, and look forward to meeting with you as appropriate to discuss our concerns and your responses.

Very truly yours,

A handwritten signature in black ink, appearing to read "Carol Kuc". The signature is fluid and cursive, with a large initial "C" and "K".

Carol Kuc
President
National Association of Women Business Owners

cc: The Honorable John Kerry, Chair, Senate Committee on Small Business
The Honorable Olympia Snowe, Ranking Member
The Honorable Nydia Velasquez, Chair, House Committee on Small Business
The Honorable Steve Chabot, Ranking Member

Enclosures:

NAWBO Comments on Proposed Rules for 8(m) WOSB Set Aside Program, 2006

Report of the NAWBO Procurement Task Force, 2005

A Report of the Results of a Survey of Women Business Owners in Virginia, 2007