



NATIONAL ASSOCIATION OF
WOMEN BUSINESS OWNERS

July 25, 2006

The Honorable Steven C. Preston
Administrator
U.S. Small Business Administration
409 3rd Street S. W. Suite 7000
Washington, DC 20416

Dear Mr. Preston:

I am writing today on behalf of the Nation's women business owners to congratulate you on your appointment as the SBA's new administrator and to seek a partnership between the SBA and NAWBO on achieving maximum entrepreneurial growth and opportunity for women-owned businesses. As the new administrator, I am writing to ask you and the SBA to make a renewed commitment, and apply a sense of urgency, to: (i) achievement of the Congressionally mandated 5% federal procurement goal for women-owned small businesses (WOSBs); and (ii) full implementation of the Congressionally authorized restricted competition program for WOSBs before the end of FY06.

The reason for our sense of urgency is the message sent by data from the Federal Procurement Data Center (FPDC) analyzing contract numbers for FY 2005.

We are pleased that the FPDC data again show a small increase in the contracting numbers for WOSBs in FY05 (from 3.03% to 3.342%). The data also show, however, that the government failed once again to reach the 5% contract target for women business owners set by Congress in 1994. More disturbingly, the FY05 data reveal that women business owners continue to lose ground in their effort to gain their fair share of government contract dollars.

The FPDC numbers documented that the percent of federal contract dollars spent with women owned businesses rose .005% from 2.98% in FY03 to 3.03% in FY04, and .312% from 3.03% in FY04 to 3.342% in FY05. The actual dollar value of contracts increased from \$8.3 billion to \$9.1 billion to \$10.5 billion, an increase of \$800 million in FY04 and an increase of \$1.4 billion in FY05.

Viewed in the abstract, these figures might be seen as positive. Unfortunately, the rate of increase in contract dollars at 8% in FY04 was only a third of the 22% increase seen between FY02 and FY03 and the 15% increase in FY05 remains below earlier figures. And, the actual dollar increase in contract awards of \$1.4 billion in FY05 remains below the increase of \$1.5 billion in FY03, although it is obviously better than the 50% reduction in FY04 to \$800 million.

Of even greater concern than the slowed rate of growth is the real "cost" of the government's failure to make real progress toward the 5% contracting goal. The failure to achieve the 5% contracting goal has "cost" women business owners over \$16 billion in lost revenues in just the last three fiscal years. In FY03, the difference between 2.98% of contract spending and 5% of contract spending was almost \$5 billion. In FY04, the difference between 3.03% of contract spending and 5% of contract spending was almost \$6 billion. In FY05, the difference between 3.342% and 5% of contract spending was \$5.2 billion. These totals are magnified many times over when total lost revenues are calculated back to 1994 when the 5% goal was first established or even to 2000 when the WOSB restricted competition program was authorized.

Women business owners cannot afford to wait any longer for the government to achieve contract equity. It is not only necessary but urgent for the SBA to implement fully and immediately the restricted competition program for women owned small businesses authorized by Congress in 2000. This program was envisioned by Congress as an important tool in helping to reach the 5% contracting goal established more than a decade ago. The FY05 numbers continue to demonstrate clearly and unequivocally how important it is for us and the government to have this tool working to increase contract opportunities for WOSBs.

In light of the FY05 data, we hope that you will join us in recognizing the urgency of the situation we face and commit the SBA publicly to take all necessary steps to implement the restricted competition program and to achieve the 5% goal by the end of FY06.

We want to work with you and other members of the administration in advancing the entrepreneurial success of WOSBs. Please let us know how NAWBO can support you in helping the government achieve the 5% procurement goal and in making contract equity a reality for women business owners.

Very truly yours,

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

Carol E. Kuc
President

Cc: Erin M. Fuller, CAE, Executive Director, NAWBO
Tami Longaberger, Chair, National Women's Business Council
Senator Olympia Snowe, Chair, Senate Small Business Committee
Representative Donald Manzullo, Chair, House Small Business Committee
Senator John Kerry, Ranking Democratic Member, Senate Small Business Committee
Representative Nydia Velazquez, Ranking Democratic Member, House Small Business Committee
Representative Eric Cantor, Majority Whip