

# The American Small Business League

## A Bigger Voice for Small Business

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www.asbl.com

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### Oh...the SBA...

The SBA's '[grandfathering policy](#)' has once again made its way into the Federal Register. The SBA is attempting to clear up the regulations regarding long-term contracts. Unfortunately, the SBA is ignoring the most basic problem—the fact that agencies count awards to affiliates of Fortune 500 companies toward their small business goals.

Since June 30, 2007, federal regulations have been in place preventing subsidiaries of Fortune 500 firms from being counted toward an agency's small business goals. However, either the agencies themselves are unaware of these regulations or the SBA allows them to break the law, because every year billions of dollars in contracts awarded to affiliates of corporate giants are counted as contracts awarded to small businesses.

Now, if you're scratching your head on this one, you're not alone.

Former SBA Procurement Chief Joseph Jordan even [testified in 2011](#) in front of the Subcommittee on Contracting Oversight that agencies are no longer (since 2007) allowed to count contracts awarded to affiliates of large businesses toward their small business goals.

So what gives? This seems like a problem that should not exist and if it does happen, it would be easy to fix. Well...not so much. It seems the SBA has successfully misled not only the public, but also Congress on what is actually happening.

The ASBL team has learned that members of the Senate Committee on Small Business and Entrepreneurship are under the impression that the SBA removes all those large affiliates from the data before publishing their scorecard. Well that's not true and we can prove it--and we will.

Just to be clear: This is important because it is one of the main reasons the SBA's scorecard is brutally embellished. Contracts awarded to affiliates of corporate giants should not be included in the government's small business scorecard. It is a way of fudging the numbers, it is illegal and we will stop it.

### **Press Releases:**

July 5, 2012 – [Defense Contractor Earns \\$119 million in Small Business Contracts Despite Illegally Providing U.S. Military Technology to China](#)

Fortune 500 company which owns numerous large defense contractors was fined \$75 million last week after it was found that the firm had illegally exported U.S. computer software that [helped China build its first modern](#)

[attack helicopter, the Z10](#) (which was first delivered to China in 2009 and still remains in production today).

July 3, 2012 – [Corporate Giants Receive Billions in Small Business Contracts in Latest Obama Administration Report](#)

As happens every year, the federal government reported having narrowly missed the congressionally mandated goal of awarding 23 percent of federal contracts to small businesses, [claiming to have awarded 21.65%](#) of federal contracting dollars to small businesses in fiscal year (FY) 2011.

## **ASBL On TV:**

June 13<sup>th</sup>, 2012 – [American Small Business League President Lloyd Chapman joins Alex Jones for the Alex Jones Show's Nightly News](#)

## **Headlines:**

July 3, 2012 – [Federal Government Misses Small Business Goal Again](#)

By Jose Pagliery, CNN Money

For the sixth year in a row, the government has missed its goal to award 23% of all federal contract dollars to small businesses.

July 3, 2012 – [Federal Small Business Contract Goal Missed For 6<sup>th</sup> Straight Year](#)

June 18, 2012 – [Russian Arms Dealer Was Classified as a Small Business, Briefly](#)

By Robb Mandelbaum, NY Times

Rosoboronexport holds contracts with the United States government, mostly to supply Russian helicopters to Iraq, Afghanistan and Pakistan — and it was briefly labeled a minority-owned small business by the Army....

June 13, 2012 – [Small Business Advocacy Group Takes Pentagon to Court](#)

By Neil Gordon, Project on Government Oversight

In an ongoing effort to document the extent to which large businesses are winning federal small business contracts, the [American Small Business League](#) (ASBL) has filed another [lawsuit](#) to force the government to turn over contracting data.

June 07, 2012 – [Small Business Procurement Report Needs Adjustment, Group Says](#)

By Sarah Chacko, Federal Times

In anticipation of the government's annual [small business procurement scorecard](#) this summer, a group of small business advocates and watchdog groups has asked top federal procurement officials to stop practices that inaccurately reflect how close agencies have come to meeting their goals.

## **ASBL Pres. Lloyd Chapman's Huffington Post Blog:**

June 28, 2012 – [One Broken Campaign Promise Could Cost Obama Election](#)

April 25, 2012 – [Congress Needs to Decide How Big a "Small" Business Is](#)

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