

# The American Small Business League

## A Bigger Voice for Small Business

Aug 24, 2012

www.asbl.com

Vol.5, Issue 9

### **Who Really Wins Federal Subcontracts? Don't ask the SBA.**

Last issue we brought you the big news that the SBA released to the ASBL documents related to their FY 2011 small business procurement scorecard. While the SBA did not quite grant our request, they did provide us with plenty of fodder, including countless records of large businesses winning contracts that were counted toward the federal government's small business goal. This should be very useful as we work to convince Congress that the SBA has been less than candid about which businesses are being included in the annual scorecard.

The sad news is that we also requested records on federal small business subcontracting. According to the SBA these records don't exist. The interesting thing is that the SBA, without evidence apparently, reported that 35 percent of subcontracting dollars went to small businesses.

This is what the SBA had to say in regards to the ASBL's request for names of businesses that were included in that 35 percent:

*"Please note that SBA does not maintain subcontract dollar amounts for each, every, and all firms that SBA used to calculate the government-wide small business procurement subcontracting achievement for FY 2011, as you requested. Prime contractors enter overall small business subcontracting percentages in eSRS, but do not specifically identify each small business subcontractor. Moreover, SBA does not control the eSRS system, it is a General Services Administration (GSA) system."*

This should be troubling for any small business subcontractor. The subcontracting goal is meaningless unless we have some form of accountability. The spreadsheet the SBA sent over that they claim was used to calculate the federal government's subcontracting achievement is laughable. (You can see it here along with the letter from the SBA in response to the ASBL's FOIA request.)

There needs to be a transparent method of recording subcontract awards. It should be publicly available and easy to access.

## **FOIA Update:**

The American Small Business League has once again compelled the Department of Defense to turn over subcontracting reports. While the subcontracting report documents contain a percentage of subcontracts awarded by HP Enterprise Services, LLC to small business, they do not document any names of the supposed small businesses.

This is another reason why transparency in subcontracting is virtually non-existent. The reports the ASBL obtained are presumably the same reports entered into the Electronic Subcontracting Reporting System (eSRS) and used by the SBA to tally the number of subcontracts awarded to small businesses. These reports are basically worthless aside from the fact that they lend credence to the fact that the SBA's annual Small Business Procurement Scorecard is completely fabricated.

Nevertheless, the ASBL continues to obtain reports that prove both that the federal government is missing its subcontract goal and misleading the public on where it spends taxpayer dollars.

## **Press Releases:**

July 25, 2012 – [Small Business Administration Denies Fraud in NBC Investigation](#)

The NBC Bay Area Investigative Unit found 24 large companies with headquarters or major offices in the Bay Area that received 299 contracts labeled as “small business” awards since 2009.

July 17, 2012 – [Obama Administration Proposes Policy to Divert Small Business Funds to Corporate Giants](#)

A proposed rule from the U.S. Small Business Administration (SBA) will allow federal agencies to divert billions of dollars in federal small business funds to large businesses every year.

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:**

July 29 2012 – Fox News interviews Lloyd Chapman about small business and the 2012 election.  
<http://youtu.be/ucdStkKdOj0>

July 20, 2012 – NBC Bay Area Investigative Unit reports on large corporations, including several in the Bay Area that have been receiving federal funds meant for small businesses.  
<http://www.youtube.com/watch?v=m9Lx-dftuII>

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:**

August 25, 2012 – [Boosting the Small Business Administration's Budget Will Cut Deficit](#)

August 8, 2012 – [What Does Washington Have Against Small Businesses?](#)

gress in 1953

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

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