

Small-business advocates want contract data back on website

Advocates say their efforts to catch large companies poaching small-business contracts have been hobbled by the SBA's decision to pull key data off a public website.

*By Jim Wyss
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Federal contracting watchdogs say the Small Business Administration's decision this week to delete key company data from a public website has stymied their efforts to try to catch large firms soaking up billions in contracts earmarked for small businesses.

At issue is the Central Contractor Registry website where companies that want to do business with the government are required to post profiles, including employee size and annual revenue. On Tuesday the SBA pulled the size data, citing privacy concerns.

Federal agencies and prime contractors use the website, known as CCR, to identify small businesses that qualify for contracts. But advocacy groups and small-business competitors use CCR to double-check contracts and challenge deals if they suspect the winner is actually a large company.

"How does the government expect small companies to file size protests if the information on the database has been deleted?" asked Lloyd Chapman, president of the American Small Business League, a California nonprofit that focuses on contracting fraud.

A team of ASBL researchers were combing through the CCR Tuesday, compiling information for a network television exposé on small-business fraud when the size information disappeared and was replaced with a message reading: "A firm's actual revenues and number of employees are not releasable under the Freedom Of Information Act."

In a written statement, the SBA said it had pulled the information after receiving "a number of complaints" from businesses that balked at having "proprietary and confidential" information posted on the Web.

"In response to these objections SBA removed this information from the website while it considers the legal and procurement issues involved," the agency said. "This doesn't mean SBA will cease using this information for verification purposes; it will simply not be publicly available." But the SBA has a poor track record of policing itself. Earlier this year House Democrats released a report saying that \$12 billion that the SBA had reported as going to small businesses last year actually went to some 2,500 large or otherwise ineligible companies.

That report is just one of about a dozen private and public studies that have found large corporations, including IBM, ExxonMobile and Nikon, have soaked up small-business contracts.

BIG BUSINESS

A 2005 Miami Herald investigation, which relied heavily on size data from the CCR, found that more than half of the top-20 small-business contractors in Florida exceeded the SBA's basic definition of small: a business with 500 or fewer employees. Four of the companies had more than 1,000 workers and three had more than \$1 billion in annual sales.

In most cases, the firms were using legal loopholes to win the contracts.

Raul Espinosa is a St. Augustine small-business owner and the founder of the Fairness in Set Aside Procurement Coalition, which is lobbying the government to close those loopholes and punish large companies caught cheating the system.

While he admits that omitting the size information on CCR will make cheaters harder to catch, he also said he could understand how the disclosures might put small businesses at risk.

Low employee or revenue figures might give the perception to government agencies that a small business is not ready to compete, he said.

FULL DISCLOSURE

But full disclosure should simply be the cost of doing business with the government, said Paul Murphy, president of Eagle Eye Publishers of Washington. "If you work for the taxpayer, then they have the right to know as much about you as they can," he said. "Any tendency toward less transparency is a mistake at this point."