

Feds Miscast Verizon, Dole As Small Firms

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Washington Post
July 11, 2003*

WASHINGTON - Some of the nation's largest businesses shrink in size when they appear on the government's database of federal contractors. Companies including Barnes & Noble booksellers, Dole Food Co., AT&T Wireless and Verizon are mistakenly listed as small businesses in records obtained by The Associated Press.

Such misrepresentations help overstate the Bush administration's record of awarding government work to the smaller companies. "The numbers are inflated, we just don't know the extent," said David Drabkin, senior procurement officer for the General Services Administration. Drabkin, whose agency maintains the records entered by contracting officials across the government, said the GSA is working to ensure accurate entries in the future but past errors are "not something we can clean up overnight."

Once a company's status is mischaracterized, it stays that way through the life of a contract - which can be 20 years. That means smaller firms that the administration intended to help may be frozen out from fresh business by the bigger companies with the incorrect designations. "This transition has led to the apparent diversion of contract dollars intended for small business," said Sue Hensley, a spokeswoman for the U.S. Small Business Administration.

One small businessman who is pushing to have the listings corrected says workers are paying in lost jobs. "Most Americans work for small businesses and most of all the new jobs are created by small businesses. This certainly has a dramatic impact on job creation," said Lloyd Chapman, who formed the California-based Microcomputer Industry Suppliers Association.

The government defines a small business as one that is independently owned and operated and is not dominant in its field. Size standards change from one industry to another, based on either the number of employees or revenues.

Among the contractors designated as small businesses were:

- Verizon, the largest local phone company in the nation, and Verizon Wireless, the company's joint venture that is the largest U.S. wireless provider.

- Barnes & Noble, the top U.S. bookseller, with superstores in 49 states and the District of Columbia, plus mall stores under different names.

- AT&T Wireless, the cellular phone spinoff from AT&T.
- Starwood Hotels & Resorts Worldwide, which includes Sheraton, St. Regis and Westin hotels.
- Dole Food Co. Inc., the world's largest producer of fresh fruits and vegetables.
- Parsons, Brinckerhoff, Quade, one of the top U.S. transportation engineering firms with projects around the world.
- KBR, a Halliburton subsidiary formerly known as Kellogg, Brown & Root. KBR is one of the world's largest providers of oil field services and part of the company Vice President Dick Cheney ran before taking office in 2001.

The Bush administration has set a goal of providing small business with 23 percent of all federal contracts, but has fallen about 3 percentage points short after awarding \$53 billion to small companies. Officials now acknowledge that the percentage was inflated by the erroneous database entries and that the true amount of federal business that went to small firms was smaller.

Small businesses are significant political players, according to campaign contribution figures supplied by the Center for Responsive Politics, an organization that tracks campaign finance donations. The political action committee of the National Federation of Independent Business, which calls itself the voice of small business, contributed more than \$762,000 to federal candidates in the 2002 election cycle - with 97 percent going to Republicans.

Investigators from Congress' General Accounting Office found no evidence that large companies had tried to manipulate the designations found in the database. Rather, they blamed the mistakes on federal contracting officials who either entered wrong codes for business size or re-entered outdated information.

Large companies said they never intended to be listed as small businesses. "We work with a variety of small businesses in going after federal business," said Kevin Irland, a spokesman for Verizon. "We hope that businesses are properly categorized in accordance with federal regulations." AT&T Wireless spokeswoman Rochelle Cohen voiced similar support for small business and said the company was unaware that it was mischaracterized on the database.

The SBA said it refers companies to the agency's inspector general whenever it finds suspected fraudulent misrepresentation. One company the SBA said it referred is GTSI

Corp., of Chantilly, Va., a computer equipment company whose business with the federal government accounts for about three-quarters of its sales. The company has noted in its filing with the Securities and Exchange Commission that it lost its "small" designation in February 1998, but continues to have some 80 federal contracts.

Charles DeLeon, acting general counsel for the company, said the firm "has always provided the government with accurate and truthful information." He said the company has a major contract that began when the company was a small business and continues to provide information technology products under that contract.