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October 18, 2014, 10:00 am

Is Obama trying to quietly close the SBA with policies?

By Lloyd Chapman

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COMMENTS 4

In November of 2008 I predicted President Obama would try and close the Small Business Administration, as Ronald Reagan did, by combining it with the Department of Commerce. He proved me right in January of 2012 when he announced his plan to do exactly that.

When SBA Administrator Karen Mills resigned, the agency went without a new leader for eleven

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Notice how Obama has made no further mention of his plan to combine the SBA and the Department of Commerce. On January 14, 2014, an article in Forbes agreed with me that Obama was really trying to close the SBA. Two days later Obama appointed Maria Contreras-Sweet as the new SBA administrator.

When you look at every policy the Obama administration has adopted around the issue of federal small business programs, an obvious pattern can be seen. They all hurt legitimate small businesses and help big business.

In 2010, the Obama administration removed the parent company Dunn & Bradstreet number from the government's database of suppliers.

Why? The Bush administration removed virtually all data that could be used to determine if a firm was a small business or a large business. The number of employees, annual revenue, primary NAICS codes and the capabilities statements were removed. The only remaining piece of information that could be used to determine if a firm was a legitimate small business or a subsidiary of a Fortune 500 firm was the parent company D & B number.

That's disappointing coming from a man that during his campaign for president released the statement, "It is time to end the diversion of federal small business contracts to corporate giants."

The most recent information from the Federal Procurement Data System indicates of the top 100 recipients of federal small business contracts, over 75 percent would not currently qualify as small businesses.

Even the House Small Business Committee has challenged the SBA's inclusion of Fortune 500 firms in their small business contracting data.

What else could President Obama do to dismantle federal small business contracting programs and help big businesses hijack small business contracts from legitimate small businesses? What about a new policy to create a "safe harbor from fraud penalties" for large businesses that are caught misrepresenting their firms as small businesses? That's exactly what the Obama Administration did last month.

Under current federal law, misrepresenting a firm's status to illegally land federal small business contracts is punishable by up to 10 years in prison, a \$500,000 fine or both. Under the new "safe harbor from fraud penalties" policy, a firm that commits felony federal contracting fraud can avoid any and all penalties by simply claiming they "acted in good faith."

small business contracts. It will also make it easier for large firms to land small business contracts and make it easier for federal agencies and Pentagon prime contractors to claim they have reached the 23 percent small business-contracting goal.

A Washington Post story on the new policies was titled, "How 8,500 large companies will become small businesses overnight."

On September 10, the SBA announced a new change to the federal small business size standard for small businesses that provide IT products to the federal government and prime contractors. Under the new policy, a small business in the IT industry with annual sales in excess of \$27.5 million will now be considered a large business. If the new size standard is adopted, affected small businesses will be forced to compete head to head with firms like IBM, Dell and Hewlett-Packard for even the smallest government orders for IT products.

Federal contracts to corporate giants like Lockheed Martin, Boeing, Raytheon and Northrop Grumman will be counted as small business contracts but contracts to IT firms with annual sales of over \$27.5 million will be counted as large business contracts. These insane and blatant anti-small business policies are what I have come to expect from the Obama administration.

When you look at all the Obama administration's small business policies there is an obvious pattern. All the policies dismantle or weaken federal programs designed to help legitimate small businesses and help large businesses hijack more federal small business contracts.

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don't have employees, Chapman leaves them out of his stats.

Chapman wants his large businesses grouped in with them and defined as "small".

If Chapman were advocating for small businesses, he would include them in his 98% statistic. He never does. Chapman is just another large business lobbyist arguing with larger business lobbyists to keep his constituents piece of the large business pie away from even larger businesses. True small businesses with 1-19 employees, 75% of all businesses in America, don't even show up in his statistics.

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Michael → chuckblakeman · 16 hours ago

"98 percent of all U.S. firms have less than 100 employees and 89 percent have less than 20 employees."

Quoted from the 12th paragraph, I believe that both you and the author are supporting the same cause.

I believe when he states "89 percent have less than 20 employees" that includes 1-19 employees...

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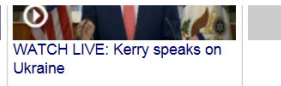
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