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# United States Senate

COMMITTEE ON SMALL BUSINESS

WASHINGTON, DC 20510-6350

EMILIA DISANTO, STAFF DIRECTOR  
PATRICIA R. FORBES, DEMOCRATIC STAFF DIRECTOR

September 8, 1999

The Hon. David Walker  
Comptroller General  
General Accounting Office  
441 G ST. NW  
Washington, DC 20548

Dear Mr. Walker:

In March 1999, the Office of Advocacy of the Small Business Administration released a report titled "Federal Procurement from Small Firms." The report focused on the volume of prime contracts that are being awarded small businesses in Fiscal Year 1998.

The Office of Advocacy reports that small businesses received \$33.2 billion or 18.3% of the prime contract total. This level is significantly below the 23% nationwide prime contract goal that Congress approved as part of the "Small Business Reauthorization Act of 1997" (P.L. 105-135). Previously, the nationwide goal for prime contracts for small businesses was 20%.

The report goes on to reveal that the procurement centers with the most to spend spent the least on small businesses. I am concerned about informal reports I have received that in the procurement centers with the largest amounts of procurement dollars that more and more small contracts are being "bundled" into large contracts. The large "bundled" contracts are generally out of reach for the vast majority of small business owners.

During consideration of the "Small Business Reauthorization Act of 1997," the Committee on Small Business approved unanimously a section that addressed the "bundling" problem. In a nutshell, this "bundling" section directed SBA to be a vigorous watchdog of the practice.

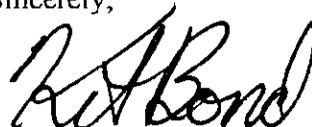
While it is clearly Congress' intent that the volume of prime contracts increase for small businesses, the trend is going in the opposite direction. It appears that contract bundling may be part of the problem.

The Honorable David M. Walker  
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In order for the Committee on Small Business to conduct its oversight in the area of Federal procurement activities directed toward small businesses, we are requesting that the General Accounting Office undertake a study of Federal government policies and practices that are deterrents to meeting the Congressional goal of 23% of prime contract dollars being awarded to small businesses. The scope of your study should include the impact of contract bundling on the award of Federal contracts to small businesses.

Thank you for your attention to this request. Please feel free to contact me or the Committee's Chief Counsel, Paul Cooksey, at (202) 224-5175.

Sincerely,

A handwritten signature in black ink, appearing to read "Chris Bond". The signature is written in a cursive, flowing style.

Christopher S. Bond  
Chairman