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United States Senate

COMMITTEE ON SMALL BUSINESS & ENTREPRENEURSHIP

WASHINGTON, DC 20510-6350

March 18, 2003

The Honorable Susan Collins
Chair
Committee on Governmental Affairs
United States Senate
Washington, DC 20510

Dear Susan:

As we discussed this morning, I called a hearing today, in the Small Business Committee to examine contract bundling and discuss possible solutions that best utilize Federal contract dollars while ensuring the ability of small businesses to compete for those dollars. I intend to work towards legislation that will reflect what I heard today and that will assure the Administration's ability to open the procurement process for small business.

The 108th Congress offers an excellent opportunity to review and strengthen the laws governing Federal procurement opportunities for small businesses. From our first-hand experience and observations, we both know how effective access to Federal contracts can be in stimulating economic growth in Maine and throughout the United States.

As the Chairs of the two committees in the Senate that could have the greatest impact on expanding contracting opportunities for small businesses, I believe that working together, we can make a huge difference on Maine's small businesses and on small enterprises across the country.

According to the Federal Procurement Data Center, FY 2001 Federal Procurement Report, the amount of Federal contract dollars spent in the State of Maine decreased 25 percent from FY 2000 to FY 2001. Furthermore, in support of the President's FY 2004 budget request for the U.S. Small Business Administration (SBA), the SBA reported that only 19.3 percent of Federal contract dollars were awarded to small businesses in FY 2002. This is significantly less than the 23 percent minimum annual threshold established by the Congress in 1997.

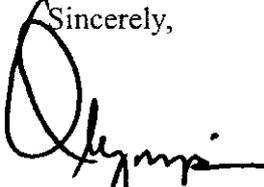
While recent procurement reforms may have streamlined the ability of the Federal government to award contracts, the "reforms" have made it significantly more difficult for small businesses to participate in the Federal marketplace. At the same time the Federal government is failing to meet Congress' small business procurement goals, the Chairman of the House Committee on Government Reform has stated that he intends to reintroduce the Services Acquisition Reform Act, which will be similar to procurement legislation introduced in the last Congress. I am concerned that enactment of this legislation could make it even more difficult for small businesses to compete for Federal contracts.

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Over the last six years the Small Business Committee has proposed legislation to combat these streamlining initiatives; however, we have had difficulty reaching agreement with the Senate Committees on Armed Services and Government Affairs without making significant modifications to our initiatives. It is my intention as the new Chair of this Committee to continue with these efforts.

I look forward to working with you to promote meaningful procurement reform legislation that ensures participation by our Nation's small businesses, including our small enterprises in Maine. If you have any questions, please do not hesitate to contact me or have your staff call Nancyellen Gentile at (202) 224-

Sincerely,


Olympia J. Snowe
Chair

P.S.

Hopefully, we can make some progress on this issue this year —! Looking forward to working with you!