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United States Senate

COMMITTEE ON SMALL BUSINESS & ENTREPRENEURSHIP
WASHINGTON, DC 20510–6350

January 29, 2002

VIA FACSIMILE & FIRST-CLASS MAIL

The Honorable Donald H. Rumsfeld
The Secretary of Defense
U.S. Department of Defense
1000 Defense Pentagon
Washington, D.C. 20301-1000

RE: Department of Defense's Small Business Innovation Research Program

Dear Mr. Secretary:

In the FY2002 Defense Appropriations Act (H.R. 3338/PL 107-117), a provision exists that exempts the Department of Defense's ballistic missile defense programs from full participation in an important small business research and development program, the Small Business Innovation Research program. We strongly disagree with that provision.

Specifically, PL 107-117 overrides the Small Business Act so that the Missile Defense Agency (MDA), formerly known as the Ballistic Missile Defense Organization, shall be required to reserve a minimum of $75 million, instead of 2.5 percent, of its FY2002 extramural research and development funds for contracts with small businesses through the Small Business Innovation Research program. Based on estimates of the FY2002 extramural R&D budget for MDA, that means about $74 million less for small businesses from that Department of Defense agency.

Regardless of that exemption for MDA, we want to remind you that section 9(f)(1)(C) of the Small Business Act (15 U.S.C. 638(f)(1)(C)) still requires the Department of Defense to reserve 2.5 percent of *all* its extramural R&D budget for small business concerns. Please reply to us in writing by close of business on Friday, February 8, 2002, as to how the Department plans to make up that difference.

Sincerely,

Christopher S. Bond
Ranking Member

John F. Kerry
Chairman

cc: Dr. Dove Zakheim, Comptroller, DoD
Mr. Edward (Pete) C. Aldridge Jr.,
Under Secretary of Defense for Acquisition, Technology and Logistics