

# THE AGENDA FOR AMERICA'S ENTREPRENEURS

## Federal Procurement

The federal government is the largest purchaser of goods and services in the world. For many small businesses, federal or state procurement opportunities represent untapped revenue streams, but in many cases, small firms need a great deal of guidance, mentorship, and “knowing the right person at the right time” to obtain a contract that makes a real difference for their business. While the federal government has benchmark requirements in place to ensure that small businesses are awarded a certain percentage of federal contracts, more must be done to level the playing field for small businesses, especially those that are minority and women owned, to ensure that they are able to equitably compete for the contracts that can give them the financial certainty needed to grow.

- Defend federal procurement set-aside programs designed to target underserved and minority-owned businesses like the SBA 8(a) program, Department of Transportation Disadvantaged Business Enterprise Program (DBE), and the Minority Business Development Agency procurement centers. These programs are critical because in FY23 alone, minority-owned small businesses represented roughly 10% of all federal contracts.
- Increase the percentage of federal contracts awarded to small businesses up to one-third of all federal contracts and increase the application of the Rule of Two to multiple award contracts. Currently, small businesses make up roughly 26% of all federal contracts, however, the small business supplier base has declined significantly - in 2022 the small business share of federal contracts was half of what it was in 2012. Increasing agency goals and expanding the Rule of Two to long-term, multiyear contracts will help bring more small businesses into our federal supply chain. The Rule of Two states that a contract must be set aside for a small business if at least two qualified and competitive small businesses apply for the work.
- Make federal contracts more accessible to small businesses by passing legislation like H.R.7987, the Plain Language in Contracting Act. Congress should work with agencies to make navigating the procurement system easier, such as ensuring the language is accessible to small businesses seeking to work with the federal government.
- Hold prime contractors accountable to maintaining their commitment to working with their small subcontractors by passing legislation that incentivizes prime contractors to work with small businesses. Congress should also provide protections for small subcontractors to raise concerns about their utilization on a project.