

**STATEMENT OF
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U.S. GENERAL SERVICES ADMINISTRATION
BEFORE THE
COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM
SUBCOMMITTEE ON GOVERNMENT MANAGEMENT, ORGANIZATION,
AND PROCUREMENT
U.S. HOUSE OF REPRESENTATIVES
SEPTEMBER 22, 2010**



Good morning, and thank you for the opportunity to appear before you today to discuss doing business with the government and the U.S. General Services Administration's (GSA) record and goals for small and minority owned businesses. I am Jiyoung Park, Associate Administrator for the Office of Small Business Utilization at GSA.

As you know, small businesses are leaders in innovation and drivers of the economy. Small businesses create two thirds of all net new private sector jobs, employing half of all working Americans. According to the U.S. Census Bureau, the number of minority owned businesses increased by 46 percent between 2002 and 2007, which is more than twice the national rate for U.S. businesses.ⁱ Without question, during this period of economic revitalization, small and minority businesses will continue to play a pivotal role in supporting our country.

We at GSA continue to support this ever-growing group of businesses, and we partner closely with the U.S. Small Business Administration, Department of Commerce's Minority Business Development Agency, and others on these efforts. GSA recognizes the importance of small and minority owned businesses to our nation, as well as the benefit to the Federal Government of engaging in business with this sector. Our agency remains committed to helping minority businesses gain access to competitive contract opportunities that fulfill the needs of the Federal Government, create jobs for American workers, and promote economic growth.

The current procurement policy provides for encouraging small disadvantaged business participation in contract performance through joint ventures, teaming arrangements, and subcontracts through the use of credit under source selection evaluation factors. The current policy also provides for increased subcontracting opportunities through monetary incentives in targeted industries. GSA supports this policy, and it has helped us achieve significant success. Each year the federal government contracts out approximately \$500 billion of business. The Small Business Act sets a goal of awarding 23 percent of those prime federal contract dollars to small firms and a goal of 5 percent to small disadvantaged businesses.

GSA fully supports federal contracting opportunities for small businesses. To date in FY 2010, the agency has awarded nearly \$1.9 billion to small businesses, and over \$829 million to small disadvantaged businesses. These numbers illustrate GSA's unwavering dedication to supporting opportunities for minority businesses. These numbers are also a testament to the great achievement of minority owned businesses.

In FY 2009, GSA directly awarded approximately \$2 billion contract dollars to small businesses, and \$793 million of that to small disadvantaged businesses. While \$2 billion in awards did not fully meet GSA's FY 2009 goal negotiated with SBA at 35.7 percent, it represents a \$100 million increase over the 1.9 billion awarded in FY 2008. While more remains to be done, \$2 billion is the largest amount GSA has awarded to small businesses to date. GSA received \$5.85 billion through the American Recovery and Reinvestment Act to convert federal buildings into high-performing green spaces, green the federal fleet, and renovate buildings, courthouses, and land ports of entry. This portfolio includes many large capital construction projects that were unavailable for small businesses, which presented a unique challenge in meeting our small business goals. Despite this challenge, we are committed to small businesses at both the prime and subcontract level.

Since the enactment of the Recovery Act, GSA has taken on an integral role in helping small businesses compete for our agency's Recovery Act projects. To date, \$340 million in GSA Recovery Act dollars have been awarded to minority firms. M.E.R.I.T. from Newark, New Jersey is one such recipient of Recovery Act funding. The infusion of Recovery Act funds enabled M.E.R.I.T. to directly hire more workers and has also allowed the company to successfully subcontract, providing some of these subcontractors a chance to weather the tough economy.

Another significant GSA Recovery Act award was made to OKE Thomas and Associates Inc., a small African American owned, Missouri-based company. There, \$16 million was awarded for multiple Recovery Act projects in the Midwest for work ranging from carpet installation to roof replacement with energy star rated materials. In another region, GSA awarded JBlanco Enterprises of Sheridan, Colorado, a \$2.5 million contract to install cool roofing for the Denver Federal Center Building. The list goes on. Awards like these across the country respond to the discriminatory barriers still faced by minority owned firms, and help small minority owned firms make payroll, grow their business during difficult economic times, contribute to the greening of our federal buildings, and create green jobs for the future.

The Recovery Act is only a small part of GSA's overall portfolio. In a given year, nearly 17 percent of all Federal contract dollars flow through GSA contracts, and we are fully committed to continued stewardship of these funds to maximize small business opportunity. Our contracting programs level the playing field and enable small businesses to compete, while also bringing the best, innovative ideas to the government. One of our largest vehicles for supporting small business is the Multiple Award Schedules (MAS) Program. GSA's MAS program is the largest acquisition program within the federal government, with \$47 billion in sales in FY 2009.

GSA MAS procurements represent nearly 10 percent of total federal contract spending. Excluding defense spending, the total is about 30 percent of federal contract spending. The MAS program is a significant opportunity for businesses and customer agencies given its widespread use and accessibility. Of the roughly 18,000 schedule contracts in place during FY 2009, nearly 14,000 were held by small businesses. Currently, there are 2,331 small disadvantaged businesses on GSA Schedules. There are 4,352 contracts held by minority owned business enterprises on GSA Schedules, 3,996 of which are also small business.

Another avenue for small business access to government spending is Government-wide Acquisition Contracts (GWAC). These streamlined contract vehicles allow agencies to procure comprehensive IT solutions from pre-qualified firms. In furthering its commitment to small disadvantaged businesses, GSA has set aside several GWACs exclusively for small businesses. Total GWAC sales to date for small businesses exceed \$4.7 billion, which is a significant achievement. GSA's 8a STARS GWAC is set aside exclusively for small disadvantaged businesses participating in SBA's 8a business development program. Nearly 200 8a firms participate in 8a STARS. Since the contract's inception in June 2004, contract holders have received \$2.7 billion in orders, which represents a significant amount of funds awarded to small disadvantaged businesses.

GSA is also placing greater emphasis on teaming, subcontracting, and mentoring programs. For example, the GSA Mentor-Protégé program, launched October 2009, helps small firms win more business and enhance their capabilities to perform successfully on government contracts. To date, the program has established more than 38 Mentor-Protégé relationships with one-third of these

partnerships between small disadvantaged businesses such as J. Roberts Inc., an Asian Pacific American owned firm, and JAB Innovative Solutions, a Hispanic American owned business.

Beyond these tailored programs, GSA has many resources available to help small businesses and provide them with useful information. Business activities are supported by program experts at GSA Headquarters, through OSBU centers in 11 regional offices, and by small business technical advisors in our procurement offices. Our small business website (www.gsa.gov/sbu) provides links to a variety of resources and small business publications.

ⁱ U.S. Census Bureau. Survey of Business Owners (SBO): Company Statistics Series: Preliminary Estimates of Business Ownership by Gender, Ethnicity, Race and Veteran Status: 2007. <http://www.census.gov/econ/sbo/>.