

Tauscher Leads Fight to Help Women Owned Small Businesses

FOR IMMEDIATE RELEASE

CONTACT: Kevin Lawlor, 202/225-1880

February 6, 2008

www.tauscher.house.gov

Rep. Ellen Tauscher Leads Fight to Help Women-Owned Small Businesses

Washington, DC — Rep. Ellen Tauscher has sent a letter to Small Business Administrator Steven Preston urging him to work with Congress to re-draft the SBA's proposed rule relating to opportunities for women owned small business. The proposed regulations create rather than eliminate hurdles for women owned businesses in the realm of federal contracting.

"Women are driving our economy; we are not just consumers, but owners, producers and proprietors," said Rep. Ellen Tauscher. "With only 3% of federal contracts going to women owned small businesses its clear to me that we are not doing enough to foster the spirit entrepreneurship. We must demand that the SBA encourage greater participation opening by up their process."

In 1994, Congress passed legislation mandating that five percent of government contracts go to women-owned businesses. To help meet this goal, a set-aside program for women-owned businesses was established in 2000. The proposed SBA rule would only allow federal agencies to implement the set-aside program for women owned businesses in four of over 2,300 business categories, and, even then, only after the agencies individually document that they previously discriminated against women owned businesses. If implemented the set-aside program will do little if anything to increase the share of federal contracts that go to women-owned businesses.

If women business owners had received five percent (rather than three) of the \$277.5 billion spent by the federal government with prime contractors in FY 2003, they would have received \$13.68 billion in contracts. That's \$4.9 billion more than they actually received. Meeting the five percent procurement goal will help women business owners achieve greater success.

"We applaud Rep. Tauscher for her continued support of women business owners and call on the rest of Congress to follow suit," said Barbara Kasoff, President of Women Impacting Public Policy (WIPP), the nation's largest bi-partisan group of women business owners. "Congress passed this legislation in 2000 because the federal government was not meeting the 5% goal set for contracting to women-owned firms. In 2007, the federal government still has not met this goal. This is why we are so bitterly disappointed by the SBA proposed program -- it will do nothing to enable the 10.4 million women-owned small businesses to get their fair share of federal business."

Text of the letter follows below.

Steven C. Preston

Administrator

U.S. Small Business Administration

409 Third Street, SW, Suite 7900

Washington, DC 20416-2230

Dear Mr. Preston

We are writing to share our deep concern with the Small Business Administration's proposed rule published in the Federal Register on December 20, 2007 relating to opportunities for women owned small businesses. As currently articulated, we believe this rule, at best, does nothing to increase opportunities available for women owned small businesses to contract with the federal government, and at worst, sets back congressionally mandated efforts in this area.

As you know, federal policies to promote gender equality in contracting have existed since the 1960s. In 2000, Congress passed the Equity in Contracting for Women Act of 2000 which created a Women's Procurement Program to help women compete for government work. Instead of increasing women's ability to compete in the hundreds of industries where they are underrepresented, the SBA has, belatedly, proposed a rule that would limit government support for women-owned businesses to four industries: national security and international affairs; coating, engraving, heat treating and allied activities; household and institutional furniture and kitchen cabinet manufacturing; and other motor vehicle dealers.

These four categories are arbitrary and it is unclear why they were selected out of several thousand potential business categories. A RAND Corporation study, conducted at the request of SBA and released in April 2007 found that women-owned small businesses are under-represented in 87% of industries. It is also disappointing that the Small Business Administration which should be an advocate for small business, at a time when few government agencies have met their congressionally mandated level of federal contracts awarded to women-owned businesses, would chose to restrict economic opportunities for women. In order to qualify for protected status, women-owned businesses would have to demonstrate underrepresentation and direct discrimination by a government agency. In an instance of the fox guarding the henhouse, before determining that a business qualifies, each agency would be required to conduct an appropriate analysis of its own procurement history to determine whether there is sufficient evidence of relevant discrimination in that industry by the procuring agency. This requirement appears to be an unnecessary delegation of the SBA's responsibility to other agencies and would likely make it much harder for women owned small businesses to achieve an equitable share of federal contracts.

The proposed rule, raises rather than reduces the bar to entry for women-owned small businesses and as such, it should be withdrawn. The rule as proposed will not increase the participation of women-owned businesses in federal contracting as mandated by the Equity in Contracting for Women Act of 2000, and demonstrates a lack of leadership and

accountability to this issue at the SBA. Seven years is far too long a time to wait for the implementation of a viable strong women-owned small business set-aside program. However a poorly developed and implemented program as presented in the proposed rule will do more harm. We ask that you withdraw the proposed rule, consult with Congress, and reissue a fair ruling that empowers women to do business with the federal government.

We look forward to working with you on this matter.

###