

Celebrating our  
**30th year**

#### Officers

Bill Gormley  
*Chairman*

Larry Allen  
*President*

#### Board of Advisors

Russ Castioni  
*3M Federal Systems*

Tom DeWitt  
*SNVC*

Gus Ghazarian  
*Ricoh Corporation*

Mike Goede  
*Ecolab, Inc.*

Bill Hilsman  
*Booz, Allen & Hamilton*

Tom Hodges  
*Xerox Corporation*

Robert Holman  
*Johnson & Johnson*

Andrea Holmes  
*Agilent Technologies*

Steve Moss  
*IBM Corporation*

John A. Howell  
*Sullivan & Worcester*

Pete Johnson  
*Matrix Automation, Inc.*

Kitty Klaus  
*EDS, an HP Company*

Michael Kratt  
*Herman Miller, Inc.*

John Lavorato  
*Dell Computer Corporation*

Pam Macaleer  
*Northrop Grumman  
Information Systems*

Joe Pastel  
*SAIC*

Frank Pugliese  
*DuPont Corporation*

Steve Robinson  
*Knoll*

Tom Sisti  
*SAP America*

Richard Tucker  
*Baxter Healthcare Corporation*

Tom Walker  
*Haworth*

Paul Weiss  
*Logistics Management Institute*

Melissa Wojciak  
*Monster*



## The Coalition for Government Procurement

1990 M Street, NW · Suite 450 · Washington, D.C. 20036 · (202) 331-0975 · Fax (202) 822-9788

[www.thecgp.org](http://www.thecgp.org)

January 28, 2010

U.S. Small Business Administration  
Attn: Mr. Joseph Loddo  
Associate Administrator  
Office of Business Development  
409 Third Street, SW  
Washington, DC 20416

Re: RIN 3245-AF53 Small Business Regulations; 8(a) Business  
Development/Small Disadvantaged Business Status Determinations

Dear Mr. Loddo:

I am writing on behalf of the Coalition for Government Procurement's membership on the proposed rule regarding 8(a) Business Development and Small Disadvantaged Business programs, and the U.S. Small Business Administration (SBA) size regulations.

The Coalition for Government Procurement (CGP) is a non-profit association of over **350 firms selling commercial services and products to the federal government**. Our association is comprised of small, medium, and large businesses actively engaged in federal business. Collectively, our members account for approximately 70% of the sales generated through the General Services Administration's Multiple Award Schedules program and about half of the commercial item sales made to the government each year. The Coalition has worked with government decision-makers for 30 years to ensure a common sense procurement environment.

Small businesses comprise the single largest group of Coalition members. We commend the SBA for its 8(a) programs that provide preference within federal acquisition for goods and services offered by these firms that increase the potential for these firms to grow. Small businesses play a critical role in the federal marketplace increasing competition and supporting contracting agencies in meeting their missions through innovation.

The Coalition supports the proposed rule's objective to increase clarity under certain rules of the 8(a) program as well as ease restrictions in some areas. We hope that these changes will help move government-wide small business acquisition closer towards the 23% goal of prime, federal contracts being

awarded to small firms under the Small Business Reauthorization Act of 1997. The Coalition feels that the majority of the specific changes being proposed to SBA's regulations will make the 8(a) program regulations clearer, maximize participation by legitimate firms, and control potential abuse.

The specific areas that the Coalition would like to comment on are:

### **Arbitrary Percentage Tests**

A proposed change to 124.513 would require that 40% of the work under joint ventures be performed by the 8(a) partner. The Coalition does not support arbitrary percentage tests because these percentages are not easily controlled in the real world. The allocation of work is often a moving target and fluctuates based on customer needs under a contract. In the proposed rule, the SBA acknowledges that Alaska Native Corporations (ANCs) may receive less business due to increasing the percentage. The suggestion to compete for more prime contract business does not make up for the potential losses that ANCs may undergo and fails to offer an added benefit or compensation that is much needed to support Alaska Native communities.

### **Special Rules for ANCs**

The Coalition is opposed to the limitations on ANCs proposed in 124.109(c)(ii) that states that tribes may not own 51% or more of another firm which has been operating in the 8(a) program under the same primary NAICS code within a 2 year period. The impact of this rule could adversely affect ANCs and Tribally-owned firms and impact their growth. At minimum, the applicant should be allowed to perform 50% or less of its 8(a) work in a NAICS code that is the primary one for a sister entity within the proposed two year period. Another alternative would be to implement the proposed change to the definition of "primary industry classification" so that a company can change its primary NAICS code if it can show that the majority of revenues have evolved to another code.

### **Sole Source Limits**

The CGP supports the proposal to add NHO's to the list of exempt categories from the limits on the amount of 8(a) funds that a participant may receive on a sole source basis.

### **Potential for Success**

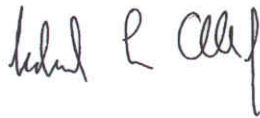
The Coalition supports 124.109 (6) as appropriate methods to determine that a tribally-owned applicants has reasonable prospects for success in the private sector; especially by allowing written commitments to meet this criteria.

### **Subcontracting to Non-8(a) Joint Ventures**

The Coalition opposes singling out Tribally-owned firms in the proposal to modify 124.506(b) to prohibit subcontracting to non-8(a) joint venture partners on 8(a) sole source contracts because this restriction does not apply to non-Native 8(a) firms. While the intention may be to control potential abuse, this proposal has the perhaps unintended consequence of undermining the Mentor-Protégé program. Instead, the CGP suggests that SBA increase oversight of joint ventures and mentor protégé agreements.

The Coalition for Government Procurement appreciates the opportunity to comment on the SBA proposed rule. We are hopeful that clarifications in the final rule will make the 8(a) program an even stronger catalyst to grow small businesses nationwide while providing significant opportunities that support the prosperity of ANCs and their communities. The Coalition is available to respond to questions or discuss these issues further.

Sincerely,

A handwritten signature in black ink, appearing to read "Larry Allen". The signature is written in a cursive style with a large, stylized initial "L".

Larry Allen  
President