

National Women's Lobby

National Bulletin - July 2004

Access to Federal Procurement Markets

Getting Serious About Access to Opportunities



The Status of Women in Federal Procurement Markets

The current level of federal contracts to women-owned businesses is not commensurate to the number of women-owned businesses, the number of women-owned businesses in appropriate industry areas or the level of influence that the 10 million women business owners should have in today's U.S. marketplace.

Even though privately-held women-owned businesses represent 30% of the businesses in the U.S., they are still receiving only 2.98% of federal contracts. The federal government has never achieved its extraordinarily low goal of 5% contracting with women-owned businesses. In FY2003 alone, this failure represents a loss of \$5.6 billion for women-owned businesses.

It is the viewpoint of the National Women's Lobby™ that action must be taken by women business owners, political leaders, U.S. Small Business Administration leaders and federal agency leaders to assure that America provides a true competitive marketplace for women in business. **Consequently, the U.S. Women's Chamber of Commerce™ and the National Women's Lobby™ have launched a national initiative to implement P.L. 106-554 (see details on page 2 and 3).**

Much Ado About What?

Headline after headline touts the rapid growth of women in business. Women business owners have become the darling of federal and corporate marketers with feel good messages like, "There are 10.6 million women-owned businesses in the U.S., employing 19.1 million workers and generating \$2.5 trillion in sales."

These are impressive numbers, but they don't tell the important story of the struggle women business owners face. In this Bulletin we detail that struggle, the consequences and the solutions. It is a pivotal time for women in business and it is time for women business owners to exert their influence in the federal marketplace to receive fair access to capital, opportunities, and technical expertise.

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The Women's Federal Procurement Goals Have Never Been Met

In ten years the federal government has never met the modest 5% goal for prime contracting with women-owned business.

In 2003 the loss cost women-owned firms over \$5.6 billion.

Frequently Asked Questions on Public Law 106-554 - the Women's Procurement Program

Q. Why has the SBA delayed action on this program?

A. The SBA has not provided an adequate answer to this question. The law required a study to identify industries where women-owned small businesses are substantially underrepresented. The SBA claims that their first study was flawed and that they were unable to do the study themselves. They then outsourced the study and have authorized a delay in the report from the outsourced organization. When asked directly about the delay in April 2004 by the U.S. Women's Chamber of Commerce, the SBA reported that this program was not a priority - even though it is law.

Q. What benefits will come to WOB's with the implementation of this program?

A. The Small Business Reauthorization Act of 2000 allows Women-Owned Small Business (WOSB) Set-Asides for requirements in an industry where Women-

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If you or your organization would like to become a member of the NWL, please contact nwl@uswomenschamber.com or call 888-41-USWCC.

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Owned Small Businesses (WOSB) are substantially underrepresented and limited to contracts not exceeding \$3 million for services and \$5 million for manufacturing.

Q. What are the USWCC and the National Women's Lobby doing to push the SBA to adhere to P.L. 106-554?

A. We have launched a national initiative educating women business owners, members of congress and directly informing the SBA that we believe 3 1/2 years is plenty of time to complete a study and implement this important program. Anyone or any organization wishing to support this effort should go to www.uswomenschamber.com/nwl or call 888-41-USWCC.

Q. Is this a program that's "lost" in election-year politics?

A. Actually, this program may be lost in the current attempts to reduce the budget and influence of the U.S. Small Business Administration. The budget of the SBA has been slashed by 25% - more than for any other federal agency. Even so, the SBA was able to very quickly implement a new set-aside program for service-disabled veterans (this program took about six months to implement).

Q. What are the most effective ways women business owners can voice their support of the Women's Federal Procurement Program initiative?

A. The National Women's Lobby and the U.S. Women's Chamber of Commerce have setup an online advocacy center where individuals and organizations can register their support for the initiative and contact their legislators, the U.S. Small Business Administration and the House and Senate Committees on Small Business. Go to www.uswomenschamber.com/nwl to access and use the online advocacy system and register your support.

We invite individuals and organizations to join the National Women's Lobby and be part of the most influential voice for women in America. Through a virtual and live system that brings together women and leaders of women's organizations from across the United States, the NWL gives a unified voice to the hundreds of organizations representing women in America. Any women's organization (non-profit or trade association) wishing to join the National Women's Lobby coalition, should contact nwl@uswomenschamber.com or call 888-41-USWCC.

The U.S. Women's Chamber of Commerce™ and National Women's Lobby™ Push the U.S. Small Business Administration for Action

National Women's Lobby Position Statement on the Implementation of Public Law 106-554:

Women business owners across the U.S. earned the opportunity to compete on a more-level playing field in the federal procurement market 3½ years ago with passage of Public Law 106-554, the Women's Procurement Program. Inexplicably, the Small Business Administration (SBA), under the leadership of Administrator Hector V. Barreto, has failed to implement the critical part of this legislation – supporting the estimated 10 million WOBs in America with a workable, representative federal procurement program and access to proportionate federal contracting dollars.

The U.S. Women's Chamber of Commerce (USWCC) and the National Women's Lobby (NWL), which represent the fast-growing and influential WOB market, have organized a grassroots, non-partisan, nationwide effort to secure SBA action on the legislation. The USWCC and NWL call upon the SBA to enact all provisions of the Women's Procurement Program immediately — removing barriers that have been erected to keep WOBs from a proportionate share of federal procurement contracts, and reducing overall taxpayer cost for set-aside programs by ensuring complete and open access to federal contract awards.

Thousands of business owners and associations have signed the NWL petition on behalf of the initiative and signatures continue to grow daily.

Women-owned businesses represent nearly 30 percent of the privately-held women-owned businesses in the U.S. (women holding at least a 51 percent majority interest in the business). These WOBs receive less than 3 percent of federal procurement spending. Clearly, women-owned small businesses are significantly underrepresented in many industries and business types – and in the bidding process for U.S. government contracts. Programs such as the Women's Procurement Program have been designed to provide assistance where needed, improved access to federal buyers, and a distinct, targeted SBA set-aside for WOBs.

Women-owned businesses and their employees have waited 3½ years for a real opportunity to compete for a proportionate share of federal contracts; we think that's long enough. To learn more about the National Women's Lobby initiative calling upon the SBA to enact all provisions of the Women's Procurement Program immediately go to www.uswomenschamber.com/nwl.

Establishing National Partners for the Campaign and the National Women's Lobby

The National Women's Lobby™ establishes the most influential voice for women in America. Through a virtual and live system that brings together women and leaders of women's organizations from across the United States, the National Women's Lobby gives a unified voice to the hundreds of organizations representing women in America.

The NWL monitors state and national legislative activity, serves as a link between political decision makers and women, reports the needs and issues of women, promotes the creation and implementation of public policy that supports the needs and viewpoints of the NWL members and member organizations.

Any women's organization (non-profit or trade association) wishing to join the National Women's Lobby coalition, should contact nwl@uswomenschamber.com or call 888-41-USWCC.

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The Real Story is Very Important

The numbers behind the headlines paint the real story – a story that is very important to the financial success of women in business. These less glamorous numbers tell a story of struggle, lack of access and marginalization of women in business.

While it is important and exciting that there are 10.6 million women-owned businesses in the U.S., employing 19.1 million workers and generating \$2.5 trillion in sales, it is more important to know what this means in terms of revenues and success.

A. Women-Owned Business Revenues Compared to Market Whole

In the size chart (lower right), we see that while the number of women-owned businesses make up a large share of the marketplace, their revenues are not commensurate. On average, when comparing major metropolitan areas, women-owned businesses represent 30% or more of the marketplace, but their revenues average 10% or lower.

This leads us to understanding the first issue women business owners have when seeking federal contracting opportunities - their business sizes are smaller than the general marketplace.

The issue of size is of extreme importance when looking at the competitiveness of a small business as a small business often does not have the resources to dedicate staff to researching and pursuing the complex government contracting marketplace.

B. Access to Capital is Still Scarce for Women in Business and the Small Business Administration is Not Effectively Reaching Out to Help

Access to capital is an imperative for a growing business. Without equal access, women-owned businesses will be unable to grow, purchase equipment, take on increasingly large contracts, invest in technical expertise – or simply have enough money to invest in researching and bidding on government contracts.

Fact: Between FY1998 and FY2003 (during the most dramatic increase ever in the number of women-owned firms in America), there was a 7.5% decrease in the average value of loans made to women-owned businesses utilizing U.S. Small Business Administration Programs.

Fact: Even though women's businesses grew at record levels between FY1998 and FY2003, the share of dollars lent to women-owned businesses only increased from an already-low 13.2% to only 14.3% in FY2003 -- while the share of the number of loans and equity investments decreased from 22.9% to 20.5% over the same period. (U.S. Small Business Administration Programs).

Fact: Women-owned firms secure 50% of SBA Micro-Loans, a program that the SBA is cutting right now.

Women-Owned Businesses Are About One-Third the Size of the Market Whole

Metro Area	# of Women Owned Businesses	Revenues for Women-Owned (in \$1,000)	% of Total Businesses in Area	% of Total Revenues in Area
Las Vegas	33,011	\$8,994,537	30.3%	13.1%
Pittsburgh	43,111	\$7,862,027	26.6%	3.4%
Orlando	42,096	\$10,456,538	30.2%	12.9%
Philadelphia/NJ	90,245	\$17,934,079	25.2%	3.6%
Cincinnati	34,064	\$6,136,442	29.1%	6.7%
Boston	92,550	\$12,087,641	28.6%	5.4%
Chicago	186,771	\$44,045,831	39.5%	10.7%
Los Angeles	213,759	\$52,157,087	27.5%	12.1%
Phoenix	69,540	\$14,726,139	29.0%	8.5%

Source: Center for Women's Business Research

Fact: Women-owned businesses have been proven to be creditworthy, showing no significant differences in terms of bill payment or financial stress and make up 30% of all American firms - but only receive 14.3% of Small Business Administration loans.

Keeping Women-Owned Businesses Small Through Smaller Loans

“Women-owned businesses require less as far as loan size.”

Melanie Sabelhaus, Deputy Administrator for the U.S. Small Business Administration during testimony to the House of Representatives Committee on Small Business (May 12, 2004)

- 23%** Increase in the number of women-owned businesses between 1998 and 2004¹
- 46%** Increase in sales of women-owned businesses between 1998 and 2004¹
- 1.1%** Increase in the proportion of dollars lent to women-owned businesses by the U.S. Small Business Administration between 1998 -2003²

30% of the businesses in the U.S. are owned by women (51% or more). But they receive only **14.3%** of the U.S. Small Business Administration loans.

¹ Center for Women’s Business Research
² U.S. Small Business Administration

C. Access to Federal Procurement Markets

Total federal contracts have increased 7% since 2000, but the small business share of these contracts has decreased by 14%. Women-owned businesses continue to be clearly challenged in federal procurement markets – still struggling to reach the artificial 5% “nickel ceiling.”

In 1979, Congress created the Office of Women’s Business Ownership to support the growth and expansion of women-owned firms. In 1994, Congress placed a priority on women-owned businesses in federal contracting through the Federal Acquisition Streamlining Act (FASA). FASA set a 5 percent women-owned business federal procurement goal.

The paltry “nickel ceiling” 5% goal for federal contracts to women-owned businesses has never been met.

In 2003, the federal government only achieved 2.98% prime contract purchasing with women-owned firms.

\$5,605,049,862 lost in just one year.

Two other federal contracting issues are troubling and are costing women-owned businesses millions of dollars.

- 1) More and more contracts are going to fewer and fewer suppliers. In spite of all the publicity to the contrary, contract bundling continues and is growing yearly.
- 2) In FY2003, federal agencies awarded 43,131 contracts worth \$107 billion without any bids. How can any small business compete when there is no actual competition?

Both of these trends mark an ongoing lack of competition, a push towards contracting with fewer and fewer but larger suppliers and a clear lack of support for small business owners - many of which are women.

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The Federal Government is Spending More and More with Fewer and Fewer Contracts			
Year	# of Contracts	Total \$\$ Spent	Avg Contract Amount
2001	11,410,869	\$235B	\$20,584
2002	8,654,637	\$250B	\$28,909
+/-	minus 25%	plus 6%	plus 40%

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Implement and Enforce Existing Programs and Policies Now

What can be done to help women achieve a more appropriate share of the federal contracting dollars? The National Women's Lobby believes the tools are in place to enable the advancement of women, but they are either not implemented or being enforced.

1) Implement the Women's Federal Procurement Program

Women-owned businesses and their employees have waited 3½ years for a real opportunity to compete for a proportionate share of federal contracts; we think that's long enough.

The U.S. Women's Chamber of Commerce and the National Women's Lobby call upon the U.S. Small Business Administration to enact all provisions of Public Law 106-554, the Women's Procurement Program immediately.

2) Decrease Contracting Bundling

Contract bundling is one of the most detrimental federal contracting trends in America today. We call upon Congress, the U.S. Small Business Administration and leaders of the House and Senate Committees on Small Business to stop this illegal practice now.

3) End No-Bid Contracts

No-Bid contracts are illegal and in most cases unwarranted. The ability for businesses to compete in fair and open competition should be as basic as our rights of citizenship.

4) Enforce the FAR Regulation 19.502-2 - Small Business Set-Asides (sets aside contracts under \$100,000 if two or more competitive small businesses can be identified)

This simple but powerful law is not being enforced and there is a lack of funding for personnel to oversee its enforcement. Without a commitment of funds or top level leadership commitment, this law is nothing more than words.

Only 1.8% of women-owned firms have receipts of more than \$1 million compared with 5.04% of the market whole.

(2001, U.S. Small Business Administration Office of Advocacy)

5) Increase Funding for Procurement Center Representatives

These representatives serve to locate contracts that can be performed by small businesses. Their funding has been cut annually.

6) Increase Access to Capital for Women

Women-owned businesses should not be seen as businesses that "require less as far as loan size." (see page 4). Rather, they are the most dynamic, growing segment of business ownership in America today. It is imperative that women-owned businesses be given a fair share of available business capital so that they can grow and compete effectively in today's federal marketplace and become powerful contributors to the U.S. economy.

The logo for The National Women's Lobby, featuring the letters 'NWFL' in a large, bold, serif font.

The National Women's Lobby

The power of influence.

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