



## Support Realistic and Achievable Small Business Contracting Goals

### Background:

Small businesses are the foundation of our economy. Accordingly, the typical electrical contracting firm size is very small, and the vast majority of electrical contractors are classified as small businesses. In fact, 74 percent have less than ten employees. NECA contractors recognize the benefits the Federal government provides to small and disadvantaged contractors, including the need to provide assistance to small firms that do not qualify for any assistance programs. However, the Federal government should afford any qualified contractor the opportunity to serve the government through free and open competition.

### Key Points:

- *Government Small Business Contracting Goals Are Arbitrarily Established.* The federal government regularly misses its small business contracting procurement goals of 23 percent every year. Congress is considering legislation that would arbitrarily increase the goal to 25 percent of the total value of all prime contract awards. The increase is not based on small business capability, industry capacity, or agency goal achievement.
- *Agency-Based Goals Foster a Culture of Dependence, Not Development.* There is intense pressure on Federal agencies to meet their goals. In order to meet the goals, agencies will routinely award contracts to small firms only in industries that are traditionally dominated by small firms. Contracts are rarely awarded to other industries where small businesses are lacking. Consequently, the current system over-relies on industries that do a good job of meeting small business goals (such as the construction industry) and give a pass to industries that do a poor job of fostering small businesses.
- *Congress Should Reform the Current System to Move Away From Agency-Based Goals to Industry-Based Goals.* By tracking industry goals, the Federal government will gain a better understanding of which industries do a good job of fostering small business entrepreneurship, rather than which Federal agency did a better job of "checking a box" to achieve unrealistic goals that do not reflect the realities of the economy.

### NECA Position:

NECA believes the Federal government should make the opportunity to develop all legitimate forms of business enterprise available to all Americans. Congress should closely re-examine the Small Business Act to review how goal achievement is calculated and achieved. Agency-based goal achievement is an antiquated concept that fails to reflect the realities of the free market.