

**Testimony of  
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**Before the House Small Business Committee  
for the Hearing  
"State of the Small Business Economy"  
Wednesday, February 13, 2013, at 1:00 p.m.  
Rayburn House Office Building, Room 2360**

Chairman Graves, Ranking Member Velázquez and members of the Committee, I am here today on behalf of the U.S. Women's Chamber of Commerce representing our 500,000 members, three-quarters of whom are American small business owners and federal contractors.

We see that small businesses are anxious to get moving forward. They are looking for opportunities, resources, connections and a positive business environment. While business budgets are tight, and access to capital is in the top three needs of our small businesses, access to contracts and affordable benefits are clearly the most requested when our members are asked how we can help them reach the next level.

On The Hill, you may be facing many obstacles with your own budget problems, but there are a number of things you can do today to help small businesses grow, prosper and fuel our economic recovery.

Help small businesses secure affordable access to capital, and not just for the larger "small" businesses and the gazelles. Help access to capital get down to mainstream businesses including women-owned, veteran-owned, startups and rural businesses. For example, women own nearly 30% of all firms in the United States, but are still receiving only 12 to 13% of SBA loans. You have it within your power to compel the SBA to significantly increase their commitments to helping all small firms access the capital they need to grow their businesses and fuel the growth of our economy.

Help small businesses secure affordable business benefits so that we can compete for quality workers and support our own families. We still need access to affordable health care and related insurance product like disability insurance, access to affordable business insurance, and access to affordable workplace retirement programs. Many industry barriers exist, and big business privileges enable large businesses to access these important and necessary benefits far more affordably than tight-budgeted small business.

Help small businesses secure access to federal contracts. While the SBA claims small businesses are receiving nearly 23% of all federal contracts, their efforts need to be stronger to assure our fair share of contracts is really being awarded to small businesses. The Small Business Administration Office of Inspector General reports that there are still a large number of big businesses included in those statistics, as well as large businesses that establish pass-through companies to funnel federal expenditures through small business programs.

The Inspector General's October 2012, "Report on the Most Serious Management and Performance Challenges Facing the Small Business Administration In Fiscal Year 2013," states, "Previous OIG audits and other governmental studies have shown widespread misreporting by procuring agencies since many contract awards that were reportedly awarded to small firms were actually being performed by larger companies. While some contractors may represent or erroneously calculate their size, most of the incorrect reporting results from errors made by government contracting personnel, including misapplication of small business contracting rules. In addition, contracting officers do not always review the online certifications that contractors enter into the governmental database prior to awarding contracts. The SBA needs to ensure the contracting personnel are adequately trained on small business procurement and are reviewing this data prior to awarding contracts." The OIG goes on to say, "The SBA (has) made little progress on this challenge."

I would add, the SBA should be undertaking significant training of government contracting personnel relative to all small business programs. Most importantly to my constituents at the U.S. Women's Chamber of Commerce is the training and use of the Women-Owned Small Business and Economically Disadvantaged Women-Owned Small Business set-aside program. Many of our women-owned small businesses report that contracting officers remain unaware, untrained and unmotivated to make use of this program that was put into place to end the more-than-a-decade of shortfalls in the paltry 5% goal for contracting with women-owned firms.

And, finally, I implore you to help the health of the economy by avoiding undue fiscal austerity and fiscal calamity that will impact the growth of small businesses through reduced federal spending, federal layoffs that will drive down consumer spending, and cuts in important programs that add revenues to our economy.

Thank you for this opportunity.