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{ REPORT
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SMALL BUSINESS PROCUREMENT OMBUDSMAN ACT OF 2002

SEPTEMBER 3, 2002.—Ordered to be printed

Mr. KERRY, from the Committee on Small Business and
Entrepreneurship, submitted the following

R E P O R T

[To accompany S. 2753]

The Committee on Small Business and Entrepreneurship, to which was referred the bill (S. 2753), having considered the same, reports favorably thereon with an amendment and recommends that the bill (as amended) do pass.

On July 24, 2002, the Committee on Small Business and Entrepreneurship considered S. 2753, the “Small Business Procurement Ombudsman Act of 2002” originally introduced as the “Small and Disadvantaged Business Ombudsman Act.” The Committee adopted by unanimous voice vote a substitute amendment offered by the Chairman, Senator John F. Kerry, and the Ranking Republican, Senator Christopher S. Bond. As amended, S. 2753 would create a statutory position housed in the U.S. Small Business Administration’s Office of Advocacy called the Small Business Procurement Ombudsman, make improvements to the Office of Small and Disadvantaged Business Utilization at each Federal agency, and increase the Federal government’s governmentwide small business prime contracting goal to 30 percent. Having considered S. 2753, as amended, the Committee reports favorably thereon without further amendment and recommends that the bill do pass.

I. INTRODUCTION

Small businesses play a critical role in providing competition and bringing innovation to our Federal procurement system. A major reason for the creation of the Small Business Administration (SBA) was to ensure an adequate private-sector base for the Department of Defense, as it was deemed in our national security interests to have a thriving small business sector. The Committee believes that

a thriving small business sector is more important than ever, not just to our national security, but to our economic security as well.

The Federal government, through the Small Business Act and other legislation, has in place programs designed to promote small business participation in the Federal procurement marketplace. The 8(a) Business Development program, the Small and Disadvantaged Business (SDB) program, the Historically Underutilized Business Zone (HUBZone) program, the woman-owned business procurement program, the disabled veteran-owned small business program, and the general small business set-aside all play a decisive role in providing fair access to the Federal marketplace for small businesses. However, these programs must be implemented fully and faithfully if small businesses are to receive their fair share of the Federal procurement marketplace.

In addition to these programs, and in an effort to ensure small businesses are participating in Federal procurement at appropriate levels, Congress enacted legislation establishing statutory governmentwide goals for contracting dollars to be awarded to various types of small business: SDB, 5 percent; HUBZone, 3 percent (beginning in FY 2003); women-owned business, 5 percent; disabled veteran-owned, 3 percent; and all small businesses, 23 percent.

Table 1 demonstrates the Federal government's small business prime contracting goal achievement for the previous four fiscal years and highlights when the Federal government failed to achieve a statutory small business goal. The table also demonstrates that the Federal government, for fiscal years 1998, 1999, 2000 and 2001 achieved slightly below or slightly above the statutory, 23 percent governmentwide small business prime contracting goal.

TABLE 1
SMALL BUSINESS

Year	Billion	Goal percent	Actual percent	SB loss
1998	\$181.7	23.00	23.39	
1999	185.7	23.00	23.10	
2000	200.9	23.00	22.26	\$1.5 billion
2001	219.6	23.00	22.81	417 million

WOMEN-OWNED

Year	Billion	Goal percent	Actual percent	WOB loss
1998	\$181.7	5.00	2.21	\$5.1 billion
1999	185.7	5.00	2.50	4.6 billion
2000	200.9	5.00	2.28	5.5 billion
2001	219.6	5.00	2.49	5.5 billion

HUBZONE ¹

Year	Billion	Goal percent	Actual percent	HZ loss
1998	\$181.7	² N/R	N/R	
1999	185.7	1.00	N/A	\$1.9 billion
2000	200.9	1.50	0.33	2.4 billion

HUBZONE ¹—Continued

Year	Billion	Goal percent	Actual percent	HZ loss
2001	219.6	2.00	0.72	2.8 billion

¹ HUBZone = Historically Underutilized Business Zone.² N/R = not yet required by law.

DISABLED VETERAN-OWNED

Year	Billion	Goal percent	Actual percent	DV loss
1998	\$181.7	¹ N/R	N/R	
1999	185.7	N/R	N/R	
2000	200.9	3.00	N/A	\$6.0 billion
2001	219.6	3.00	0.25	6.0 billion

¹ N/R = not yet required by law.

8(a)

Year	Billion	Goal percent	Actual percent	Percent change from 1998
1998	\$181.7	¹ N/G	3.57	
1999	185.7	N/G	3.40	— 4.76
2000	200.9	N/G	2.88	— 19.33
2001	219.6	N/G	2.86	— 19.89

¹ N/G = no statutory goal.ALL SDB ¹

Year	Billion	Goal percent	Actual percent	SDB loss
1998	\$181.7	5.00	6.48	
1999	185.7	5.00	6.70	
2000	200.9	5.00	6.49	
2001	219.6	5.00	7.12	

¹ SDB = Small Disadvantaged Business.

According to the Federal government's own data, as presented in Table 1, small business participation in Federal procurement has failed to achieve the statutory goal of 23 percent for the past two years, 8(a) participation has steadily declined, the HUBZone and disabled veteran-owned small business procurement programs have fallen well short of goal attainment, and women-owned small business participation in government procurement has failed to achieve any noticeable increase, despite passage of a targeted procurement program to assist these firms.

The Committee believes that a major cause of this decline has its roots in the new procurement environment created by reforms in the mid-1990s (such as passage of the Federal Acquisition Streamlining Act and the Federal Acquisition Reform Act, and the regulatory changes to procurement programs in response to the *Adarand Constructors Inc. v. Peña* decision), and reductions in the acquisition workforce. Additionally, a procurement culture that favors expediency and short-term cost savings has relegated small business participation in Federal procurement to secondary status.

Until the Federal government, at all levels, realizes the importance of doing business with small business, these negative trends will continue. Our nation will not have access to a wide range of small business suppliers, and small businesses across the country

will continue to lose billions of dollars in contract opportunities year after year.

While no single piece of legislation alone can ever solve the complex problems faced by small businesses in today's Federal procurement environment, the Committee believes that the creation of an advocate, such as an ombudsman for small business procurement, to assist small business owners and ensure they are treated fairly in the procurement process will be of great benefit.

For example, small businesses frequently contact the Committee to report problems they are having with a prime contractor or a contracting agency. Too often, these businesses are afraid to come forward and make an official complaint for fear of being black-balled and denied future contracting opportunities. A small business procurement ombudsman would provide one solution for these small businesses who fear retaliation, by allowing them to submit confidential complaints. A small business procurement ombudsman would also work to change the culture at Federal procuring agencies by tracking the training of procurement personnel and working to ensure that this training not only includes the "how to" of small business participation, but the "why" of small business participation—their crucial role in agency success and the national economy.

The Committee also believes that strengthening the role played by the Office of Small and Disadvantaged Business Utilization at each Federal agency will have a positive impact on small business participation in the Federal procurement system and serve as a necessary corollary to creating a governmentwide advocate for small business procurement.

The Committee has heard statements that the governmentwide small business prime contracting goal should be raised to provide small businesses an increased share of the over \$200 billion in goods and services purchased yearly by the Federal government. Some advocates have requested a level as high as 40 percent, given that small businesses make up an overwhelming percentage of Federal contractors. However, given the current level of small business participation, the Committee has supported a goal of 30 percent. By raising the Federal governmentwide small business prime contracting goal, opportunities for all small businesses should increase and the diversified network of small business suppliers needed to meet the Federal government's procurement needs should be enhanced.

The Committee believes S. 2753 will help ensure small businesses are treated fairly in the Federal procurement process and enhance small business participation in the Federal procurement system.

II. LEGISLATIVE HISTORY

S. 2753, the "Small and Disadvantaged Business Ombudsman Act," was officially introduced by Senator John F. Kerry on July 18, 2002. Senators Christopher S. Bond, Max Cleland, Maria Cantwell, Jeff Bingaman, Jean Carnahan and Mary L. Landrieu are cosponsors of the legislation. The Committee held a roundtable on June 19, 2002 titled, "Are Government Purchasing Policies Hurting Small Business?" During the roundtable, the bill's predecessor, a discussion draft of the Small and Disadvantaged Ombudsman bill, was a topic of deliberation. The draft included provisions to estab-

lish a small business ombudsman to help ensure small businesses are treated fairly in the procurement process and to report to the Congress on Federal procurement activities as they relate to small business. The draft also contained an increase in the statutory, governmentwide small business prime contracting goal from 23 percent to 30 percent.

Many small business advocates that participated in the Roundtable supported the creation of a small business procurement ombudsman and supported the increase in the small business prime contracting goal. Suggestions were made to include provisions to improve the Office of Small and Disadvantaged Business Utilization (OSDBU) at each Federal agency and give the ombudsman the authority to rectify small business complaints as well. Suggestions were also made to change the name of the ombudsman to be more reflective of all small business concerns.

During consideration of S. 2753, the Committee adopted a substitute amendment proposed by Senators Kerry and Bond, which changed the name of the ombudsman from the Small and Disadvantaged Business Ombudsman for Procurement to the Small Business Procurement Ombudsman, transferred the position from the Small Business Administration (SBA) to the SBA's Office of Advocacy, and required the Chief Counsel for Advocacy to appoint the ombudsman. The substitute also transferred the authority to work on the goal attainment plan required under the legislation from the ombudsman to the SBA program managers and made a number of technical improvements to the section regarding the OSDBU at each Federal agency.

The amendment also changed the short title of the legislation from the Small and Disadvantaged Business Ombudsman Act to the Small Business Procurement Ombudsman Act of 2002.

The substitute amendment was the result of a compromise agreement reached between the Chairman and the Committee's Ranking Republican. It also reflects issues and suggestions raised at the June 19, 2002, Committee roundtable.

III. ANALYSIS OF S. 2753, THE "SMALL BUSINESS PROCUREMENT OMBUDSMAN ACT OF 2002," AS AMENDED

Purpose

S. 2753, the Small Business Procurement Ombudsman Act of 2002, will establish a Small Business Procurement Ombudsman (Procurement Ombudsman) at the U.S. Small Business Administration's (SBA) Office of Advocacy and strengthen the Office of Small and Disadvantaged Business Utilization (OSDBU) at each Federal agency. The legislation will also raise the Federal governmentwide procurement goal for small business prime contracting by 7 percentage points, over a period of three years, culminating with a governmentwide goal of 30 percent in FY 2006 and thereafter.

The substitute amendment offered by Senators Kerry and Bond changed the short-title of the legislation and the title of the ombudsman position. As introduced, the legislation's short-title was the "Small and Disadvantaged Business Ombudsman Act," and the Procurement Ombudsman was known as the Small and Disadvantaged Business Ombudsman for Procurement (SDB Ombudsman).

Major Federal agencies

A major Federal agency for purposes of the legislation means an agency that has procured over \$200 million in goods and services in the previous fiscal year.

Establishment of a Small Business Procurement Ombudsman

The legislation requires that the Chief Counsel for the SBA's Office of Advocacy appoint a Procurement Ombudsman, looking to existing Federal employees to the extent practicable. The Procurement Ombudsman is required to be highly qualified, with experience assisting small business concerns with Federal procurement, and would receive compensation based on the Senior Executive Service pay scale. The Procurement Ombudsman will report to the Chief Counsel.

The Committee strongly believes that the Chief Counsel should make every effort to promptly appoint a Procurement Ombudsman from existing personnel within the Federal government and that the Procurement Ombudsman should have extensive years of experience in the Federal procurement process, pre-dating the procurement reforms of the 1990s and continuing through the acquisition reform period, if at all possible. Additionally, the Committee believes that experience assisting small business concerns with the Federal procurement process at a major Federal agency and knowledge of and experience with the legislative process and congressional stakeholders are necessary and critical attributes for the Procurement Ombudsman to possess.

During the Committee roundtable on June 19, 2002, participants strongly supported the concept of the discussion draft legislation to create an ombudsman to deal with small business procurement problems. However, no consensus was reached as to where the ombudsman should be located.

The substitute amendment adopted in Committee moved the Procurement Ombudsman from the SBA to the Office of Advocacy and placed responsibility for appointing the Procurement Ombudsman with the Chief Counsel. As introduced, the SBA Administrator was responsible for the appointment. This transfer represented a compromise reached between the Chairman and the Ranking Republican about the use of SBA resources.

Duties of the Small Business Procurement Ombudsman

The Procurement Ombudsman shall work with each Federal agency with procurement authority to ensure small business concerns are treated fairly in the procurement process, serve as a focal point within the Federal government to track and rectify complaints received from small business firms regarding their treatment by Federal procuring agencies and non-small business prime contractors, and complete an annual report.

The discussion draft of the legislation did not provide authority for the ombudsman to rectify small business problems. The ombudsman was merely to collect data and report on trends in small business procurement. During the Committee roundtable on June 19, 2002, participants expressed strong support for providing authority to the ombudsman to rectify complaints. The legislation as introduced provided this authority.

The substitute amendment adopted in Committee added this provision after concerns were raised that the Office of Advocacy at the SBA might receive pressure to add the Procurement Ombudsman's duties to an existing position. It is the Committee's intention that the Procurement Ombudsman should be a new position and receive sufficient resources to carry out the duties under the legislation.

The substitute amendment also removed the authority of the new position to negotiate goal attainment plans with Federal agencies. This was in response to concerns raised by the Ranking Republican that this was inherently a policy function and should rest with the Office of Government Contracting and Business Development at the SBA. However, the responsibility for evaluating the goal attainment plan remains with the Procurement Ombudsman.

Due to the important nature of the Procurement Ombudsman's responsibilities, the legislation bars the Procurement Ombudsman from having other significant job duties beyond those in the Act.

Annual report

The Procurement Ombudsman shall annually report to Congress on each Federal agency's success or failure in meeting its small business goals, including subcontracting data, an overall score for each agency, and an evaluation of any required goal attainment plans; the treatment of small businesses by all Federal agencies; the training of contracting personnel at major Federal agencies to ensure knowledge of small business procurement programs and their importance to the Federal government and the economy; each major Federal agency's outreach activities to small business contractors; each Federal agency's compliance with the Small Business Act's provision establishing an OSDBU at each agency; and any discrimination faced by small businesses based on their status as a small business concern, qualified HUBZone small business concern, small business concern owned and controlled by disabled veterans, or the gender or social or economic status of their owner.

Federal agencies are given an opportunity to comment in writing on the annual report before its submission.

The Procurement Ombudsman must keep confidential all information that could potentially expose a small business to retaliation from the Federal government or a non-small business prime contractor, unless a written waiver is obtained. The confidentiality clause extends to information received by any OSDBU employee that could expose the employee to retaliation from a Federal agency.

Administrative resources

The legislation requires the SBA to provide the Procurement Ombudsman with sufficient personnel, office space and dedicated financial resources, which shall be specifically identified in the annual SBA budget.

Although this provision should need no explanation, the Committee is concerned that the SBA will not provide sufficient resources for the Procurement Ombudsman, given the lack of resources requested for many key functions in recent budget submissions. The Committee strongly urges the SBA to provide the needed resources for the Procurement Ombudsman to carry out the du-

ties under the legislation and serve as an effective advocate on behalf of the small business Federal contracting community.

Effect on other agencies

None of the authority or duties given to the Procurement Ombudsman is intended to limit the role of the OSDBU at any Federal agency.

The Committee strongly supports the OSDBU provisions of the Small Business Act and views these offices as critical links for small businesses in the Federal marketplace. The Committee strongly believes that the Procurement Ombudsman and each OSDBU should work together to advocate on behalf of small businesses, with the Procurement Ombudsman acting as a government-wide advocate and each OSDBU serving as an advocate at its respective Federal agency.

Improvements to the Offices of Small and Disadvantaged Business Utilization

S. 2753 makes several improvements to the director's position at each OSDBU. The legislation requires OSDBU Directors to receive pay up to GS-15 (major Federal agencies set at a minimum GS-15); requires OSDBU Directors to be well-qualified at assisting small businesses with procurement matters; bars senior procurement executives from simultaneously serving as OSDBU Directors; requires OSDBU Directors at major Federal agencies to attend OSDBU Council meetings to the extent practicable; clarifies the underlying legislation by stating that the OSDBU Director is responsible to the head or deputy head of an agency for all matters; requires OSDBU Directors to assist the Procurement Ombudsman; and states that the OSDBU Director at a major Federal agency shall have no other substantial job duties beyond those stated in the Small Business Act.

The Committee expects the OSDBU Director's position at each Federal agency to be filled by career personnel to the extent practicable. The Committee believes that the use of career personnel will provide continuing expertise and experience, which will better serve the small business government contracting community.

The legislation also makes statutory the OSDBU Council, requiring it to meet at least once every two months. The membership of the Council shall consist of all OSDBU Directors, and requires the Procurement Ombudsman and the SBA's Associate Deputy Administrator for Government Contracting and Business Development to serve as non-voting, ex officio members. The Council will be headed by an elected chairperson, who shall serve a one-year renewable term, and consider issues such as personnel matters, barriers to small business participation in the Federal marketplace, agency compliance with provisions of the Small Business Act and any other matter within its mission scope. The legislation bars the SBA from providing financial assistance to the Council.

The discussion draft of the Small and Disadvantaged Business Ombudsman Act did not contain provisions to strengthen the OSDBUs. During the Committee Roundtable on June 19, 2002, participants urged the Committee to consider strengthening the OSDBUs. The legislation as introduced by Senator Kerry contained

provisions in response to the suggestions discussed at the round-table.

The Committee believes strongly in the need to strengthen the OSDBU Director's role at each Federal agency. Although it is the Committee's position that these additions to Section 15(k) of the Small Business Act were a part of the legislation's original intent, Federal agencies have consistently thwarted its provisions, especially the requirement that OSDBU Directors report to the head or deputy head of their agency. The Committee has received information in writing from several agencies, and through verbal communications, that have led the Committee to conclude that the majority of Federal agencies are in violation of Section 15(k) of the Small Business Act. It is the Committee's hope that by clearly stating that the OSDBU Director shall report to the head or deputy head of his or her agency, Federal agencies will seek to comply with the law rather than explore possible loopholes.

The Committee understands that a successful OSDBU Director is one with access to the highest level of his or her agency and that a successful OSDBU Director is necessary for a successful small business procurement program. The Committee strongly urges all Federal agencies to comply with the letter and spirit of Section 15(k) of the Small Business Act and allow the OSDBU Director to play a key role in acquisition policies. The Committee also urges all Federal agencies to have their OSDBU Director report to the head of the agency, as opposed to the deputy head.

The Committee feels strongly that OSDBU Directors should have no substantial job responsibilities beyond those in the Small Business Act; however, budgetary constraints at non-major Federal agencies may make that difficult to achieve. As a result, the legislation includes a provision to bar an OSDBU Director from simultaneously serving as the senior procurement executive. The Committee believes that the role of the OSDBU Director is incompatible with that of a senior procurement executive because the role of the OSDBU Director is one of advocacy on behalf of small businesses, while the senior procurement executive must serve the entire contracting community. Moreover, the OSDBU Director is intended to influence contracting decisions by the procurement staff, and making that position superior to the OSDBU Director (or merged with the OSDBU) is incompatible with that supervisory function.

The Committee intends "to the maximum practical extent," with regard to Council meeting attendance, to mean that OSDBU personally should take the fullest possible advantage of Council meetings as an opportunity for exchange of ideas, training, and professional development.

The substitute amendment adopted in Committee set the basic pay for an OSDBU Director at a major Federal agency at a minimum rate of 15 on the General Schedule. However the Committee intends for an OSDBU Director at a major Federal agency to receive basic pay at a rate equal to that of the senior procurement executive at his or her agency.

The substitute amendment also made minor changes to other OSDBU provisions, but kept intact the original intent of the introduced version.

Goal attainment plan

The legislation requires each major Federal agency that fails to meet a small business goal to submit a detailed report to the SBA as to why the agency failed to achieve a goal and a plan for attaining future goals. The Committee directs that the goal attainment plan be submitted to the Associate Deputy Administrator (ADA) for Government Contracting and Business Development, or any successor position, and that the ADA shall play a consultative role in establishing the plan.

The substitute amendment adopted by the Committee transferred authority for negotiating this plan from the Procurement Ombudsman to the SBA.

Increase in the governmentwide goal

The legislation increases the Federal government's statutory governmentwide procurement goal for small business prime contracting by 7 percentage points over a three-year period. The new governmentwide goal would be 30 percent. The goal increase would be phased in over three years: 26 percent in FY 2004, 28 percent in FY 2005, and 30 percent in FY 2006 and thereafter.

During the Committee roundtable on June 19, 2002, the Committee heard testimony that the Federal government could achieve 30 percent small business participation if it properly implemented small business programs. One participant even suggested a goal of 40 percent small business participation. However, concerns were raised that the Federal government does not meet the current statutory goal of 23 percent small business participation, and that such an increase might serve to discourage Federal agencies from striving to meet their goal. However, evidence at the roundtable suggested that the Federal government, when firmly targeting a goal of 23 percent, has usually come very close to achieving this percentage, some years slightly more, some less. The Committee believes that some agencies may treat the 23 percent goal as a ceiling, rather than a minimum level of acceptable small business participation. The goal increase reflects the Federal government's insistence on targeting a specific number, as opposed to striving to surpass that number.

IV. COMMITTEE VOTE

In compliance with rule XXVI(7)(b) of the Standing Rules of the Senate, the following votes were recorded on July 24, 2002. A motion by Senator Kerry to adopt a substitute amendment by Senators Kerry and Bond concerning a compromise agreement on the legislation passed by unanimous voice vote. A motion by Senator Kerry to adopt S. 2753, the "Small and Disadvantaged Business Ombudsman Act," as amended, was approved by a 19-0 recorded vote, with the following Senators voting in the affirmative: Kerry, Bond, Levin, Harkin, Lieberman, Wellstone, Cleland, Landrieu, Edwards, Cantwell, Carnahan, Burns, Bennett, Snowe, Enzi, Fitzgerald, Crapo, Allen and Ensign. No Senator voted in the negative.

V. EVALUATION OF REGULATORY IMPACT

In compliance with rule XXVI(11)(b) of the Standing Rules of the Senate, it is the opinion of the Committee that no significant addi-

tional regulatory impact will be incurred in carrying out the provisions of this legislation. There will be no additional impact on the personal privacy of companies or individuals who use the services provided.

VI. CHANGES IN EXISTING LAW

In the opinion of the Committee, it is necessary to dispense with the requirement of rule XXVI(12) of the Standing Rules of the Senate in order to expedite the business of the Senate.

VII. COST ESTIMATE

In compliance with rule XXVI(11)(a)(1) of the Standing Rules of the Senate, the Committee estimates the cost of the legislation will be equal to the amounts indicated by the Congressional Budget Office in the following letter.

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, July 31, 2002.

Hon. JOHN F. KERRY,
*Chairman, Committee on Small Business and Entrepreneurship,
U.S. Senate, Washington, DC.*

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for S. 2753, the Small Business Procurement Ombudsman Act of 2002.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contacts are Ken Johnson and Matthew Pickford.

Sincerely,

BARRY B. ANDERSON
(For Dan L. Crippen, Director).

Enclosure.

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

S. 2753—Small Business Procurement Ombudsman Act of 2002

S. 2753 would create a new Procurement Ombudsman within the Small Business Administration (SBA). The Ombudsman would address concerns raised by small businesses participating in the federal procurement process and annually report to the Congress. The bill would make technical changes to the Offices of Small and Disadvantaged Business Utilization within each federal agency exercising procurement authority. Finally, S. 2753 would raise the statutory goal for the value of federal contracts awarded to minority and women-owned businesses.

CBO estimates that implementing S. 2753 would cost about \$1 million a year, subject to the availability of appropriated funds. The bill would not affect direct spending or receipts; therefore, pay-as-you-go procedures would not apply.

S. 2753 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would not affect the budgets of state, local, or tribal governments.

Based on information from SBA, CBO expects that the office of the Procurement Ombudsman that would be established under S. 2753 would be similar in size to the office of the agency's Regu-

latory Enforcement Ombudsman. Therefore, CBO estimates that creating the office of the Procurement Ombudsman would cost about \$500,000 a year, assuming the appropriation of the necessary amounts.

Additionally, the Offices of Small and Disadvantaged Business Utilization within each agency with procurement authority could incur additional costs to implement new management practices and reporting requirements related to the contracting goals for minority and women-owned businesses. CBO estimates these requirements would cost less than \$500,000 a year.

The CBO staff contacts for this estimate are Ken Johnson and Matthew Pickford. This estimate was approved by Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.

VIII. SECTION-BY-SECTION ANALYSIS OF S. 2753, AS AMENDED

Section 1. Short-title

Titles the Act as the “Small Business Procurement Ombudsman Act of 2002.”

Section 2

Amends Section 15 of the Small Business Act to include a new subsection (q), which establishes the Small Business Procurement Ombudsman at the SBA’s Office of Advocacy and spells out the duties of the position.

Section 3

Amends Section 15(k) of the Small Business Act to add the improvements to the Office of Small and Disadvantaged Business Utilization (OSDBU) at each Federal agency contained within the legislation, and establishes the OSDBU Council.

Section 4

(a) Amends Section 15(g) of the Small Business Act by adding paragraph (3) establishing the requirement for a goal attainment plan.

(b) Amends Section 15(g)(1) of the Small Business Act by raising the statutory governmentwide small business prime contracting goal to 26 percent in FY 2004, 28 percent in FY 2005, and 30 percent in FY 2006 and thereafter.