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Small Business

The Federal Government Misses Its Small Business Contracting Target ... Again

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In what's become a rite of summer, the Small Business Administration reported today that the federal government missed its goal for small business contracting for at least the seventh straight year.

Federal law dictates that the U.S. government try to award 23 percent of federal contracts to small businesses. (Of course, that's a target, not a mandatory requirement.) According to [a scorecard published](#) by the SBA, federal agencies awarded \$89.9 billion in contracts to [small businesses](#) in fiscal year 2012, or 22.25 percent of total contracts. For fiscal year 2011, the government awarded \$91.5 billion in contracts to small businesses, or 21.65 percent of the total spend.

Data available on the [SBA's website](#) show that the government has missed small business contracting targets every year since at least 2006; last year, Danielle Ivory of Bloomberg News [reported](#) that the U.S. had missed the 23 percent goal for at least 11 straight years.

The White House should make meeting contracting goals "a priority because it is efficient governance, and not just a law that makes small businesses feel good," said Representative Sam Graves, the Missouri Republican who chairs the House Small Business Committee, in an e-mailed statement. "Improving small business opportunities through federal contracts creates jobs and saves taxpayer money because small businesses bring competition, innovation and lower prices."

In addition to the 23 percent target, agencies are supposed to award 5 percent of contracts to women-owned business and 3 percent to businesses [located in poor neighborhoods](#), but fell short of both goals. The government did meet contracting targets for [small disadvantaged businesses](#) and businesses owned by [service-disabled veterans](#). All of that is good enough for the government to earn a B grade on the SBA scorecard—the same grade the government has earned every year since 2009.

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