



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

DEPUTY DIRECTOR
FOR MANAGEMENT

August 3, 2006

The Honorable Olympia J. Snowe
Chair
Committee on Small Business
United States Senate
Washington, DC 20510

Dear Chair Snowe:

I assure you the Office of Management and Budget (OMB) remains firmly committed to providing maximum opportunities for small businesses in Federal contracting. American small businesses are a critical source of innovation and creativity for meeting the pressing needs of agencies across government and helping to save taxpayer dollars. As stated by the President in his March 19, 2002 policy statement on contract bundling, "wherever possible, we're going to insist that we break down large federal contracts so that small business owners have got a fair shot at federal contracting." When small businesses are excluded from Federal contracting opportunities, our agencies, small businesses, and the taxpayers lose.

We are proud of the accomplishments this Administration has made to increase opportunities for small businesses. We agree with you, however, that more aggressive steps can and must be taken to increase small business access to the Federal marketplace. In this regard, I will look to the Office of Federal Procurement Policy (OFPP) to take the following actions:

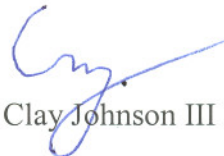
- Developing a scorecard in consultation with the relevant agencies and Committees of Congress to hold agencies accountable for improving success in achieving small business procurement goals and the President's Contract Bundling initiative by:
 - Agreeing on clearer definitions of success for the initiative consistent with the President's policy on contract bundling;
 - Drafting an action plan to accomplish those goals;
 - Assigning clear responsibility for achievement of the milestones in the action plan; and
 - Briefing at least quarterly the relevant Committees of Congress on the status of the action plan.
- Considering, in consultation with the relevant agencies and Committees of Congress, adding the President's Initiative Against Contract Bundling as a major new initiative of the President's Management Agenda;
- Designating a senior position in OFPP with primary responsibility for small business issues, including contract bundling;

- Clarifying agency responsibilities to increase small business access to acquisition opportunities by unbundling contracts and promoting competition, in keeping with the President's Contract Bundling initiative;
- Aggressively exploring ways to increase the number of SBA's procurement center representatives, in recognition of the important role they play in successfully implementing the President's Contract Bundling initiative; and

Additionally, I will ask that OFPP make a priority of proposing changes in rules regarding small business size status to guard against misrepresentation, miscoding, or manipulation of the system by large businesses.

I look forward to working with your Committee and other members of Congress to ensure a strong role for small businesses in Federal contracting. I will report to you on the status of the actions OMB has taken with regard to this letter by November 15, 2006.

Sincerely,



Clay Johnson III