Contract Bundling Reduces Small Business Ability to Compete

In a drive to lower procurement operating costs, government agencies are combining small contracts into large contracts. The Office of Advocacy has released a new study, The Impact of Contract Bundling on Small Business: FY 1992-FY 1999. The study, produced under contract by Paul Murphy of Eagle Eye Publishers, attempts to clarify trends in contract bundling and whether small firms are being adversely affected. Following are some highlights of the study:

- The average bundled contract was valued at $8 million in FY 1999, representing a 21 percent increase in the value of the average contract award over the past eight years.
- In FY 1999, large businesses received 67 percent of all prime contract dollars and 74 percent of all bundled dollars. Small firms received 18.7 percent of all prime contract dollars and 15 percent of bundled contracts.
- Although the small business share of prime contract dollars is up 2 percent since FY 1995, the share is still 4 percent short of the 23 percent procurement goal mandated by law.
- For every increase of 100 bundled contracts, there was a decrease of more than 106 individual contracts awarded to small firms.
- The two areas fueling the growth of contract bundling are construction and non-research services, both sectors dominated by small businesses.

Continued on page 2
Contract Bundling, from page 1

- There is some good news in the research and development and manufacturing sectors. These sectors experienced a decline of 15.1 percent in bundled contract dollars between FY 1992 and FY 1999, and a 3.2 percent increase in the number of small firms participating in the procurement process.

  Achieving greater economic efficiency in government operations while still preserving contracting opportunities for all types of businesses involves difficult trade-offs. Even using a relatively conservative definition of contract bundling, this study demonstrates that small firms are being affected in several ways:

  - First, as the average size of a bundled contract continues to grow, the number of small firms receiving individual contracts declines.

  - Second, while some larger small firms will do very well bidding on bundled contracts, thousands more will remain unable to bid on federal contracts without joining forces with other firms and may not win the contracts even then.

  - Third, because contract bundling is declining in some sectors and growing in others, additional research is needed to understand the impact of these trends.

For More Information


As bundling increases, small business participation declines.
Message from the Chief Counsel

Legislative Update: What Lies Ahead for Small Business

by Jere W. Glover

The first president to begin his term in the new millennium will have been chosen as this edition of The Small Business Advocate reaches its more than 10,000 subscribers across the country, and the outcomes of congressional and gubernatorial races will be old news.

Looking back with a longer-term perspective, I think we can take a great deal of satisfaction from the accomplishments for—and especially by—small businesses over the past eight years. Looking ahead, as we examine the ongoing work of this office, two questions come to mind—questions the Office of Advocacy has posed at the beginning of each year: What lies ahead? What work for small business remains to be done?

In this edition of the newsletter, we take a unique opportunity to profile ongoing issues—some of them difficult and divisive—before the small business community, the administration, and Congress. What remains to be done seems more important than ever before. The impacts of new laws and regulations on small firms and other small entities continue to multiply as they are added to those already in effect. At the same time, the future seems to hold more opportunity for small businesses and entrepreneurship than it has ever held before. And, more than ever, small businesses have a role to play in the nation’s continued economic prosperity.

Health insurance for small businesses, cybercrime, and contract bundling are issues that directly affect small firms from Main Street to Wall Street. The future of the Small Business Innovation Research (SBIR) program, as well as new Internet domain names and new and old regulations will shape the way entrepreneurs start businesses and small firms operate for decades to come.

As this newsletter went to press, Congress was considering legislation that included several small business tax incentives. The president threatened to veto the bill unless certain Medicare and pension changes were made, and it was unclear what would happen over the next few weeks. Several small business tax issues were being considered:

- Increase section 179 expensing to $35,000;
- Provide a 100 percent deduction for payment of medical insurance for self-employed individuals;
- Reinstate the installment method for accrual basis taxpayers who sell their businesses;
- Clarify cash accounting rules for small business—small business taxpayers will be permitted to use the cash accounting method without limitation;
- Extend the work opportunity tax credit through June 30, 2004;
- Increase business meal deductions to 70 percent in 2001;
- Raise contribution limits for 401(k) accounts and simplify pension laws.

In other proposed legislation, Congress also has the opportunity to:

- Provide flexibility for small businesses by allowing them an extension of time to file reorganization plans with the bankruptcy courts; and
- Address the severity of the effects of earlier Medicare reforms on small health care providers. We await final action on these items.

I would be remiss, on the heels of the recent 2000 SBIR Tibbetts Awards, if I didn’t urge Congress to consider the future of the SBIR program, which provides about $1 billion worth of contracts annually to cutting-edge, high tech small businesses. The SBIR program is designed to stimulate technological innovation and make greater use of small businesses in meeting national research and development needs.

Originally authorized in 1982, this outstanding program was extended for eight more years in 1992 and will sunset if not extended again this year. SBIR is a mature and valuable program with a proven track record for generating new high technology knowledge that can be put to use by the public and private sectors.

If the 106th Congress doesn't complete action on these matters, the 107th Congress should. The Office of Advocacy will continue to support these and other measures that will enable small firms to continue their magnificent track record for generating economic growth. Much work remains to be done.

For more Information

Readers interested in the Office of Advocacy’s congressional testimony, regulatory comments, or economic studies can visit our Web site at http://www.sba.gov/advo/laws/testimon.html.
Small Employers Face Big Hurdles Finding Health Insurance

Small employers seeking to provide health insurance for their workers run into obstacles from both insurers and the state laws that are supposed to improve access. That’s one of the conclusions of a new study sponsored by the Office of Advocacy, Small Business and Access to Health Insurers, Particularly HMOs, by Consult, Inc., of Orangeburg, South Carolina.

Nearly every state has extensive mandates and rules requiring insurers to offer health insurance plans for small as well as large businesses in order to operate in the state. The report details each state’s requirements.

“Previous studies by The Office of Advocacy have found that small firms are less likely to offer health insurance, often because they are unable to afford it,” said Chief Counsel for Advocacy Jere W. Glover. “This study sheds new light on some of the other obstacles small firms face in finding affordable providers.”

The focus group participants indicated that insurance company marketing agents often do not disclose information about low-cost plans because the agents receive smaller commissions on such plans.

Health insurance companies apparently ignore many of the regulations, including some states’ definition of small business, according to a survey of 50 health insurance plans in 10 states conducted as part of the study.

The contractor also held focus group meetings and interviews with several dozen small businesses in South Carolina. Most of those businesses do offer health insurance plans to employees. Half of the remaining firms reported they were actively seeking to offer health coverage. Employers with and without plans agreed that employee health insurance is an important benefit for recruiting and retaining workers.

The small businesses in the sample felt they did not receive adequate information or service from insurance providers. The focus group participants indicated that insurance company marketing agents often do not disclose information about low-cost plans because the agents receive smaller commissions on such plans.

Although policy makers are eager to broaden health insurance coverage to more workers, some mandates drive up costs. This makes insurance less affordable for very small firms or for low-wage workers. Other regulations are ineffective because they are ignored, the study concludes.

Due in part to the fact that many insurance companies had recently dropped out of the market, the researchers had great difficulty getting insurers to respond to the survey even after repeated attempts to contact the companies. Other researchers have had similar difficulty. These problems may be contributing to small employers’ frustrations in finding affordable, stable coverage.

The Office of Advocacy will continue to support research into market factors affecting the availability and affordability of health insurance for small firms.

For more Information
Consult, Inc.’s report, Small Business and Access to Health Insurers, Particularly HMOs, is available at www.sba.gov/advo/research, along with a research summary prepared by the Office of Advocacy.
The Internet Corporation for Assigned Names and Numbers (ICANN) took another step toward expanding the Internet, when it accepted approximately 50 applications from parties interested in running new top-level domain names that would compete with ".com."

ICANN will announce the winning applications at its annual meeting in Los Angeles, California, on November 16. ICANN is expected to choose 3 to 10 applications.

"The introduction of top-level domains to the Internet is a victory for small businesses," said Chief Counsel for Advocacy Jere W. Glover. "Present domains like ‘dot com’ have filled to the point where there are few commercially viable names remaining. New top-level domains offer new possibilities and opportunities to the thriving small business online world."

Applicants proposed a wide variety of possible new top-level domains including: ".web," ".biz," ".kids," ".travel," ".health," ".tel," ".nom," ".pro," and ".home." Some of the proposed top-level domain names would be unrestricted like ".com," but many would be chartered and restricted to certain classes of registrants—for example, in the way that ".edu" is open only to educational institutions.

Applicants were from around the world and a variety of industrial sectors. ICANN received applications from the United States, Canada, Europe, the Middle East, and Asia. The applicants included businesses, non-profit organizations, a United Nations agency, museums, individuals, and unions.

The Department of Commerce selected ICANN to oversee the technical management of the Internet. One of its principal duties was to investigate expanding top-level domain name space on the Internet. ICANN started investigating the possibility of expanding top-level domains two years ago. The Office of Advocacy has supported the introduction of top-level domains throughout ICANN’s deliberations.

For more information
Rulemaking Continues...and Small Firms Continue to Benefit from the 1996 RFA Amendments

As the current administration draws to a close and the 106th Congress completes the yearly budget process, hundreds of proposed and final regulations from agencies remain to be finalized. Many will have significant effects on small businesses across the country, and in many cases the costs have yet to be assessed. The Office of Advocacy remains focused on the mission of being a voice for small business within the federal government’s rulemaking processes.

Advocacy accomplishes its mission thanks to the Regulatory Flexibility Act (RFA) of 1980 as amended in 1996 by the Small Business Regulatory Enforcement Fairness Act (SBREFA). The law requires regulatory agencies to assess their proposed regulations for their effects on small firms and other small entities. The Office of Advocacy works with federal agencies, small businesses, and industry representatives to achieve regulatory relief, while still accomplishing the goal of the regulation.

In the past two fiscal years, the Office of Advocacy has reviewed approximately 2,600 proposed and final rules. Increased compliance with the RFA on the part of federal agencies—through the intervention of Advocacy and others—resulted in regulatory cost savings estimated at $5.3 billion in fiscal year 1999. (See Spring 2000 edition of The Small Business Advocate).

Advocacy staff members have compiled a list, reflecting just a few of the rules and regulations currently being examined or commented on by the office. Following are examples of regulations that small businesses, the Congress, industry, associations, and the next administration will no doubt want to examine in the new year. The proposed regulations vary widely in scope and cost and are indicative of the kinds of rules reviewed by the Office of Advocacy every year.

**Department of Labor (DOL), Occupational Safety and Health Administration (OSHA)**

*Ergonomics Rule*—Requires all employers to establish a safety and health program to protect employees from all potential worker risks from injury while on the job. See the Web site at: [http://www.sba.gov/advo/is_sh.html](http://www.sba.gov/advo/is_sh.html).

*Safety and Health Rule*—Requires all employers to establish a safety and health program to protect employees from all potential worker risks from injury while on the job. See the Web site at: [http://www.sba.gov/advo/ergo.html](http://www.sba.gov/advo/ergo.html).

**Department of Transportation (DOT), Federal Motor Carrier Safety Administration (FMCSA)**

*Hours of Service Rule*—Changes the number of hours truck drivers can operate motor vehicles before they must rest. Also mandates the purchase of an on-board recording device for every commercial truck.

*About the Panel Process*

SBREFA requires that the Environmental Protection Agency (EPA) and the Occupational Safety and Health Administration (OSHA) receive input from affected small businesses before proposed rules are published. This requirement is in addition to the other mandates of the RFA.

When an EPA or OSHA proposal is expected to have a significant impact on a substantial number of small entities, the agency must notify the Office of Advocacy. Advocacy then recommends small-entity representatives to be consulted on the rule and its effects.

The agency then convenes a Small Business Advocacy Review Panel, consisting of officials from the agency, the SBA’s chief counsel for advocacy, and the OMB’s Office of Information and Regulatory Affairs. The interagency panel reviews the draft proposed rule and the related analyses prepared by the agency. In addition, the panel collects advice from identified small business representatives and submits a report to the agency within 60 days.

Panel reports often include comments on the agency's preliminary analysis of the impact of the rule on small businesses, and recommendations for regulatory alternatives. The agency reviews the report, makes any appropriate revisions to the rule, and publishes the proposed rule with the panel report as part of the record.

The panel process takes place in the early stages of the rulemaking. It does not replace, but enhances the important step of publishing the proposed rule and accompanying economic analyses for public comment. For more information, call the Office of Advocacy at 202-205-6533 or visit the Web site at [http://www.sba.gov/advo/sb_re.html](http://www.sba.gov/advo/sb_re.html).
Historical Note: Why SBREFA?

It became clear to the Office of Advocacy and many small business people that the Regulatory Flexibility Act as originally written wasn’t strong enough to ensure the desired protections for small business. An October 1982 booklet prepared by the Office of Advocacy provided background on the law and noted the following exchange in the legislative history:

Rep. Broomfield: “Mr Speaker, repeating the question, but what if the agency fails to do this analysis, or if the analysis is inadequate, sloppy, or incomplete? What if the agency ignores significant information provided by an affected individual, or more importantly, what happens if the agency ignores its own findings or makes a conclusion that is not in keeping with its own facts?”

Rep. McDade: “Mr. Speaker, again I want to commend my friend. The question, I think, is terribly important as we establish the legislative history of this piece of legislation. Let me say unequivocally as a member of the committee that wrote this bill, that in that instance, upon review of the final regulation, it is the intent of our committee that the court should strike down the regulation. Now I must make it clear that there are no intermediate court reviews. The only review will be for final regulations; but when the court does review it, then we intend that this regulation shall be invalidated.” (Congressional Record, September 8, 1980, H 8463-8464).

In identifying this exchange as key, the Office of Advocacy, within two years of the RFA’s enactment, had hit upon the issue that would make or break the law’s effectiveness: how to ensure agency compliance. The intent that the law would have strong enforcement backup was there from the beginning. But it was more than a decade and a half after passage of the RFA before President Clinton was able to sign the Small Business Regulatory Enforcement Fairness Act of 1996, which imposed new requirements on regulatory agencies and subjected agency compliance with the RFA to judicial review.

Comment deadline is December 15, 2000. For more information, e-mail Claudia Rayford at: claudia.rayford@sba.gov.

Environmental Protection Agency (EPA)

Control of Air Pollution from New Motor Vehicle Engines; Heavy-duty Engine Standards and Diesel Fuel Sulfur Control Requirements—Panel report of the Small Business Advocacy Review Panel. The report can be viewed at: http://www.sba.gov/advo/laws/comments/epa98_0918.html. Comments are available at http://www.sba.gov/advo/laws/comments/epa98_0918.html. Sanitary Sewer Overflows (SSOs)—This rule would clarify and expand Clean Water Act permit requirements for municipal sanitary sewer collection systems and SSOs. The rule is in the pre-proposal stage and has yet to be published. For more information, e-mail Austin Perez at austin.perez@sba.gov.

Federal Communications Commission (FCC)

Re-auction of Spectrum in the Personal Communications Services (PCS) C and F Bands—Amendment proposes lifting small business eligibility restrictions for upcoming re-auction of C- and F-Block licenses. Comments are available at http://www.sba.gov/advo/laws/comments/fcc00_0622.html.


Access Charge Reform—Fundamentally changes how fees are assigned and collected between end-users, local exchange carriers, and inter-exchange carriers. Comments available at http://www.sba.gov/advo/laws/comments/fcc00_0912.html.

Health Care Financing Administration (HCFA)

Dietary Supplements Containing Ephedra—Proposed regulation is designed to address certain incidents of illness, injury, and death purportedly associated with the use of dietary supplement products containing ephedrine alkaloids. Comments are available at http://www.sba.gov/advo/laws/comments/fda2-3.html.

Final Rule on Surety Bonds for Home Health Care Agencies—The rule was intended to eliminate fraud and abuse in the Medicare program by discouraging fly-by-night establishments (i.e., those without sufficient financial standing) from entering the program, and by requiring surety bonds to ensure that Medicare overpayments would be returned to Medicare. Comments are available at http://www.sba.gov/advo/laws/comments/homeheal.html.
Cybercrime: Can a Small Business Protect Itself?

By Helen Keung

Fear about maintaining security or privacy is the number one reason people cite for not buying online. On March 9, 2000, the U.S. Senate Committee on Small Business held a forum titled "CyberCrime: Can a Small Business Protect Itself?" Panelists discussed the role that computers can play in criminal cases, current and potential threats from cybercriminals, law enforcement responses to cybercrime, and tips for security.

Scott Charney, a partner of PricewaterhouseCoopers, LLP, noted that computers can be a target, a tool, or a provider of evidence in a criminal case. A computer is a target when someone steals information from or causes damage to a computer or computer network. A computer can also be a tool to facilitate an offense; for example, the Internet can facilitate fraudulent credit card transactions previously conducted in person or over telephone lines. In addition, a computer can provide significant evidence in electronic form for litigation or law enforcement purposes.

Small businesses are subject to an array of cybercrimes because the Internet allows computer systems to store data in centralized locations accessible from remote computers. Three broad categories of direct cybercrime are threats to small businesses:

- **Web sites or internal computer networks.** Internal company information and confidential customer information can be stolen from small business Web sites, or computer programs can be altered to conduct unauthorized tasks.

- **Communications transmitted over the Internet.** Data transmissions between the small business and another party can be intercepted and directed to a different server, or information can be scanned and copied.

- **Business good will.** Competitors or "cyberterrorists" can slander the small business through the Internet and destroy data.

Cisco Systems, Inc., lists 10 tips for small and medium-sized businesses to use to protect themselves from cybercrime:

1. Encourage or require employees to choose strong passwords. An ideal password should have a minimum of eight characters, be non-dictionary, combine uppercase and lowercase characters, and be mixed with symbols, for instance, 2B3#N3$a.

2. Require new passwords every 90 days.

3. Make sure the virus protection subscription is current.

4. Educate employees about attachments. Avoid opening attachments from unknown sources and clear attachments in the in-box through any security mechanism.

5. Install a total solution. Complete solutions should include firewalling, intrusion detection, and policy management.

6. Assess security posture regularly.

7. When an employee leaves a company, remove the employee's network access immediately.

8. If people are allowed to work at home, provide a secure, centrally managed server for remote traffic.

9. Update the Web server software regularly.

10. Don't run any unnecessary network services.

Roger Farnsworth of Cisco Systems, Inc.

"Time becomes the great differentiator rather than size. The big no longer beat the small. In the Internet Century, the fast defeat the slow."

The article’s author, Helen Keung, was an intern in the Office of Advocacy this past summer.

For more information

For understanding more about cybercrime, please visit the Web sites of the Federal Trade Commission ([http://www.ftc.gov](http://www.ftc.gov)) and the U.S. Senate Committee on Small Business ([http://www.senate.gov/~sbc/](http://www.senate.gov/~sbc/)).

Small businesses that are victims of cybercrime and may need assistance can file a complaint with the Federal Trade Commission ([http://www.ftc.gov/bcp/conline/pubs/alerts/webalrt.htm](http://www.ftc.gov/bcp/conline/pubs/alerts/webalrt.htm)) or call toll-free 1-877-FTC-HELP (382-4357).
Special Feature: Web Watch

Web Sites Offer New Research on Small Business

The Advocate periodically features articles that look at Web sites containing research and data on small businesses. The Web sites featured below do not necessarily reflect the views and opinions of the Office of Advocacy.

National Small Business United (NSBU): Small business labor needs have shifted toward professional, managerial, scientific, engineering, sales, and technical fields: 50 percent of recent graduates in these areas work in small organizations, according to The Future of Small Businesses: Trends for a New Century, a report sponsored by NSBU, RISEbusiness, American Express, and IBM. The report says that small businesses operating in high-tech markets experience labor shortages because large firms pay a 15 percent premium to attract workers.

The report also addresses social issues; for example, it projects that the aging of the working population will temporarily reduce the new business startup rate. The study projects that the number of workers aged 25-44—the age group most likely to start new businesses—will shrink by almost 2 million, which could also result in fewer startups. The report addresses other small business issues, such as commerce, technology, and finance. For a free copy of the report, visit: http://www.nsbu.org/sbtrends2000.

Employee Benefit Research Institute (EBRI): According to EBRI’s Small Employer Retirement Survey, companies with more than 20 employees and revenues of $2 million and above are more likely to offer 401(k) plans to their employees. Companies with 5-20 employees tend to offer the SIMPLE and SEP plans. Sixty-five percent of small business employers indicated a major reason they offer a plan is because of the competitive advantage in retaining employees—up from 60 percent in 1999.

In another survey, Small Employers and Health Benefits: Findings from the 2000 Small Employer Health Benefits Survey, EBRI discovered that small employers were unaware of the laws enacted by the federal government and almost every state to make health insurance more accessible and affordable for small business employers. More than 60 percent did not know that insurers may not deny health insurance coverage to small employers, regardless of the health status of their workers. Fifty percent of small business employers would consider offering a health insurance plan if insurance costs fell 10 percent; 60 percent said they would seriously consider doing so if the government provided assistance with premiums. For more information, visit: http://www.ebri.org.

The National Foundation for Women Business Owners (NFWBO): Women business owners have become more active in the investment field: 72 percent have investments in stocks, bonds, or mutual funds, compared with 58 percent of women employees, according to the report, Women Business Owners as Consumers: Transforming the Marketplace. Although most working women and women business owners have life insurance, investments, and retirement funds, disability insurance is less likely to be sought by this group. For more information, visit: http://www.nfwbo.org.

Minority Business Development Agency (MBDA): According to The Minority Business Challenge: Democratizing Capital for Emerging Domestic Markets, a study by the Milken Institute and MBDA, minority-owned firms are growing at a rate of 17 percent, which is six times faster than the growth of U.S. businesses overall. Also, entrepreneurial business growth is high, but hindered by lack of capital financing. The study says that minority-owned firms receive only 2 percent of all private equity investments and 3 percent of all small business investment company (SBIC) investment dollars. For more information, visit: http://www.mbdagov or http://www.milkeninstitute.org.

For more information
To learn more about these Web sites, contact Victoria Williams in Advocacy’s Office of Economic Research at (202) 205-6191 or via e-mail at victoria.williams@sba.gov.

For more site seeing
Visit the following Web sites:

• American Small Business Association: http://www.asbanet.org
• Kauffman Foundation: http://www.entreworld.com
• RISEbusiness: Research Institute for Small & Emerging Business: http://www.riseb.org
• U.S. Association for Small Business and Entrepreneurship: http://www.usasbe.org
• National Federation of Independent Business: http://www.nfib.org
• National Commission on Entrepreneurship: http://www.ncoe.org
The Office of Advocacy of the U.S. Small Business Administration has published the following reports in calendar year 2000.

- The Small Business Advocate newsletter, issues for Jan-Feb, Spring, September, October 2000
- The Annual Report of the Chief Counsel for Advocacy on Implementation of the Regulatory Flexibility Act, Calendar Year 1999
- Facts about Small Business 2000
- New Data for Dynamic Analysis: The Business Information Tracking Series
  - A New View of Government, University, and Industry Partnerships
  - Procurement Opportunities: A Small Business Guide to Procurement Reform
  - Small Business Expansions in Electronic Commerce
- Small Business Lending in the United States
- The Bank Holding Company Study
- Micro-Business-Friendly Banks in the United States
- Small Business Lending in Rural America
- Small Farm Lending in the United States
- Small Farm Lending by Bank Holding Companies
- Small Business Profiles, 1999

**Research Summaries**

- **194** Home-Based Business: The Hidden Economy
- **195** Labor Shortages, Needs, Related Issues in Small and Large Businesses
- **196** Distribution of Low-Wage Workers by Firm Size in the United States
- **197** Small Business Survival in Competition with Large Multi-Unit Retail Firms
- **198** Developing High-Technology Communities: San Diego
- **199** Analysis of Hispanic-Owned Companies
- **200** Establishment Employment Change and Survival, 1992-1996: Analyses Based on a New, Longitudinal Data Base with Special Focus on Information Technology Industries
- **201** The High-Tech Rural Renaissance? Information Technology, Firm Size, and Rural Employment Growth
- **202** Small Business and Access to Health Insurers, Particularly HMOs

**Review of History of RFA Cases Made Easier**

Lawyers will have an easier time preparing cases concerning the Regulatory Flexibility Act (RFA), thanks to a special project completed by an intern in SBA’s Office of Advocacy.

Last summer, Robert Clements, an American University law student, took on the Herculean task of “Shepardizing” or tracking the legal histories of all the cases on the Regulatory Flexibility Act (RFA). The completed project provides a brief synopsis of each case; a detailed description of the case’s history; and information as to whether the case was subsequently cited for RFA or Administrative Procedures Act (APA) purposes, for both, or for other reasons. This project will help attorneys and courts know what other courts have said about particular RFA cases or issues, facilitating the preparation of cases and helping courts render decisions.

As part of the Office of Advocacy’s internship program, students are given a major project to advance their understanding of an issue of particular concern to small entities. To complete his project, Clements reviewed all the RFA cases, including those rendered prior to enactment of the Small

*Continued on page 11*
The Fifth Annual Tibbetts Award Winners—63 Models of SBIR Excellence

by Terry Bibbens

Sixty-three small business winners from 47 states and the District of Columbia, representing the success of the Small Business Innovation Research (SBIR) and Small Business Technology Transfer Research (STTR) programs, received the U.S. Small Business Administration’s prestigious Tibbetts Award for their exemplary achievement on October 3, 2000.

“The SBA recognizes the important role that these businesses continue to play in these times of unprecedented economic growth, technological innovation, and job creation,” SBA administrator Aida Alvarez said. “The SBIR program is an instrumental tool for helping small businesses remain on the cutting edge of every major technological development.”

Named for Roland Tibbetts—acknowledged as the father of the Small Business Innovation Research (SBIR) program—these prestigious national awards are made annually to those small firms, projects, organizations, and individuals judged to exemplify the very best in SBIR achievement. In selection for Tibbetts Awards, the focus is primarily on the following criteria:

- Economic impact of technological innovation,
- Business achievement and effective collaborations, and
- Demonstrated state and regional impact.

The nomination selection and processes are designed specifically not to pit any one geographic area against any other. Significant state and regional variation is assumed. The stress is on recognizing those accomplishments where, in the judgment of those close by and often most immediately affected, the stimulus and support of SBIR funding has made an important difference.

Senior members of the Clinton Administration greeted the winners in the Indian Treaty Room at the White House. The awardees were welcomed by Jere W. Glover, chief counsel for advocacy, and Kerry Kirkland, acting associate administrator for government contracting and minority enterprise development (GC/MED). Thomas Kalil, who serves as a special assistant to the president for economic policy and the National Economic Council’s "point person" on a wide range of technology and telecommunications issues, addressed the group. Duncan Moore, associate director for technology in the Office of Science and Technology Policy at the White House, provided an overview of the importance of the SBIR program to the national research priorities.

The awards were presented at the Hotel Washington after an interactive session with senior members of the SBA. The awardees finished the evening at a reception in the Rayburn House Office Building honoring those members of Congress, and their staffs, who participated in support of the SBIR/STTR legislation.

The winners are listed on the SBA Office of Technology Web site at http://www.sba.gov/sbir.

For more Information

To access the Shepardized histories of RFA cases in which a court has rendered a decision, visit the Office of Advocacy Web site at: http://www.sba.gov/advo/laws/rfa_shep.pdf.

To learn more about being a volunteer legal intern in the Office of Advocacy, contact jennifer.smith@sba.gov.

To learn more about being a volunteer economic intern in the Office of Advocacy, contact kenneth.simolson@sba.gov.
The small business community mourns the loss of two stalwarts. The Reverend Bennie L. Thayer, president of the National Association for the Self-Employed, and former U.S. Representative James D. "Mike" McKevitt, who also served previously as legislative director for the National Federation of Independent Business, recently both passed away unexpectedly.

"Bennie and Mike were heroes to me, small business, the country, and their friends and family," said Jere W. Glover, chief counsel for advocacy. "The contributions each made as passionate voices of small business will live on in the people for whom they worked hardest."

**Reverend**
Bennie L. Thayer
November 19, 1938 - October 2, 2000

**Representative**
James D. McKevitt
October 26, 1928 - September 28, 2000