



NEWS RELEASE

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SBA Announces Accomplishment in Effort to Unbundle Contracts

Rule Provides Greater Advantage for Small Businesses To Compete for Federal Contracts

WASHINGTON – The U.S. Small Business Administration today announced publication of a final rule on contract unbundling, which will allow small businesses to better compete for federal contracts.

“Today’s action will help provide more federal contracting opportunities for small business,” said SBA Administrator Hector V. Barreto. “When contracts are bundled together and small businesses are excluded from federal contract opportunities, our country suffers. Small business participation is necessary for innovation and cost savings, not to mention the benefits to our economy when small businesses are able to grow and create more jobs.”

Contract bundling refers to the practice of combining several smaller contracts into one larger contract to simplify the contracting process and contract administration, and the practice became widespread in the mid-1990s to speed up and streamline government acquisition. The practice, however, puts small business contractors at a disadvantage because they are generally unable to satisfy all the requirements in a bundled contract.

According to the SBA’s Office of Advocacy, every 100 “bundled” contracts means that 106 individual contracts are no longer available, and every \$100 awarded on a “bundled” contract has led to a \$33 decrease in contracts to small businesses.

The final rule published Oct. 20 in *The Federal Register* cleans up regulatory loopholes by requiring contract bundling reviews for task and delivery orders under multiple award contract vehicles; agency review of proposed acquisitions above specified thresholds for unnecessary and unjustified contract bundling; identification of alternative acquisition strategies for the proposed bundling of contracts above specified thresholds, and written justification when alternatives involving less bundling are not used.

The final rule also mitigates the effects of contract bundling by, among other things, strengthening compliance with subcontracting plans, facilitating the development of small business teams and joint ventures, and revising the definition of contract bundling to include multiple award contract vehicles and task and delivery orders.

Unbundling federal contracts is a key part of President Bush’s Small Business Agenda, unveiled in March 2002.

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