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Barrow Bill Seeks to Modernize Minority-Owned Business Development Initiative

The MOVE Act calls on Congress to update and improve the Small Business Administration's 8(a) program

PDF OF A FACT SHEET ON THE MOVE ACT ATTACHED

Washington, DC – Georgia Congressman John Barrow (12th District) this week introduced new legislation that would dramatically strengthen America's only remaining federal initiative focused on the development of minority owned businesses – the 8(a) program. Authored along with Wisconsin Congresswoman Gwen Moore, the *Minority Owned Venture Empowerment Act of 2005* (“*The MOVE Act*”) would bring the 8(a) program eligibility criteria up to date and allow it to more effectively serve a greater number of minority owned businesses.

“The more than 3 million minority-owned businesses in America employ almost 5 million people and generate nearly \$600 billion in revenue,” Barrow said. “They’re the fastest growing sector in the economy. But despite the fact that minorities make up nearly one-third of the U.S. population, they own only 15 percent of businesses. That’s a serious business ownership divide in this country.”

Created in the late 1960’s, the Small Business Administration’s 8(a) program was designed to help grow minority owned businesses by increasing their involvement in the federal marketplace. While other Small Business Administration initiatives have been updated over the years to reflect the realities of the changing federal marketplace, Congress hasn’t made a single change to the 8(a) program’s eligibility requirements in almost 20 years. Congressman Barrow calls the lack of attention to the 8(a) program the equivalent of “repeal by neglect.”

“In the past 20 years, the SBA has lost its focus when it comes to helping our country’s minority owned small businesses,” Barrow said. “It’s time to turn the tide and do more to help minority owned businesses, not only throughout Georgia’s 12th District but throughout the country as well.”

Currently, there are 150 minority-owned businesses in Georgia's 12th Congressional District that are registered with the SBA. Yet only 21 of those businesses participate in the 8(a) program.

The MOVE Act would increase participation in the program by updating the eligibility criteria, refocusing the 8(a) program on business development, and ensuring that antiquated barriers do not deny access to federal contracts. The bill does this by dividing the program into four phases: technical assistance, developmental, transitional, and post 8(a):

- The technical assistance phase relies on pre-program training to make sure that participating companies have a better chance at success. Right now, entry is limited to those who have already been in business, which effectively excludes any new business from participating in the program.
- The developmental phase lasts for six years, during which eligible businesses can compete for federal contracts. The bill raises from \$3 million to \$6 million the size of sole source contracts that eligible businesses can compete for, while raising from \$5 million to \$10 million the size of competitive contracts that eligible businesses can compete for.
- The transitional phase lasts four years, during which eligible firms decrease their reliance on 8(a) contracts.
- The post 8(a) phase helps ensure that minority-owned businesses continue to be eligible to participate in the federal contract procurement process. Right now they have to reapply, causing unnecessary delay and expense.

Congressman Barrow's bill has already received the endorsement of both the National Black Chamber of Commerce and the Minority Business Enterprise Legal Defense and Education Fund. Over 30 members of Congress have also signed on to the bill as original cosponsors, including fellow Georgia Congressmen David Scott (13th District) and John Lewis (5th District).

For more information on the SBA's 8(a) program, visit: <http://www.sba.gov/8abd/>.

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Contact: Harper Lawson, (202) 225-2823