

Congress of the United States
U.S. House of Representatives
Committee on Small Business
2361 Rayburn House Office Building
Washington, DC 20515-0515

Memorandum

To: Members, Subcommittee on Agriculture, Energy, and Trade
From: Committee Staff
Date: January 16, 2018
Re: Hearing: “Engaging Energy: Small Business Resources at the Department of Energy”

On Thursday, January 18, 2018 at 10:00 A.M., the Committee on Small Business Subcommittee on Agriculture, Energy, and Trade will meet in Room 2360 of the Rayburn House Office Building for the purpose of examining the resources available to small businesses in the energy sector through the Department of Energy. This hearing will highlight the small business programs at the Department of Energy and analyze the degree to which these programs are effective at maximizing communication and minimizing confusion regarding participation in the federal contracting process and department-specific small business programs.

I. The Department of Energy’s Office of Small and Disadvantaged Business Utilization

The United States Department of Energy (DOE) was created through the Department of Energy Organizational Act and formally became a government agency on October 1, 1977.¹ Under the guidance of the Secretary of Energy, the DOE’s mission “is to ensure America’s security and prosperity by addressing its energy, environmental, and nuclear challenges through transformative science and technology solutions.”²

The DOE, like all federal agencies, is required under Section 15(k) of the Small Business Act to maintain an Office of Small and Disadvantaged Business Utilization (OSDBU).³ The OSDBU is generally responsible for ensuring that small business concerns are considered in the DOE contracting process, such as ensuring that agency procurement allows for small businesses to qualify as prime contractors, subcontractors, or suppliers or by consulting on an agency decision to convert an “activity performed by a small business concern to an activity performed by a federal employee.”⁴

¹ *DOE History Timeline*, U.S. DEP’T OF ENERGY, available at <https://energy.gov/management/office-management/operational-management/history/doe-history-timeline> (last visited Jan. 9, 2018).

² *Mission*, U.S. DEP’T OF ENERGY, available at <https://energy.gov/mission> (last visited Jan. 8, 2018).

³ Pub. L. No. 95-507, § 221, 92 Stat. 1757, 1771 (codified at 15 U.S.C. § 644(k)).

⁴ 15 U.S.C. § 644(k)(11).

II. OSDBU Small Business Resources

The DOE OSDBU fulfills its mission through a myriad of resources, such as the Annual Small Business Forum & Expo. This expo provides small businesses with the opportunity to network with agency offices, industry representatives, and other small businesses while learning more about the federal contracting process.⁵ Beyond the annual expo, the DOE OSDBU participates in various small business outreach events throughout the year to discuss how small businesses can work with the DOE. In Fiscal Year 2017, the OSDBU hosted 3 such events and attended an additional 32, allowing them to reach over 10,000 attendees.⁶ While the annual expo certainly helps form necessary connections for small businesses involved in federal contracting, the DOE OSDBU also provides the Acquisition Forecast, a document imperative to the contracting process.⁷

The DOE Acquisition Forecast is centrally posted on the OSDBU's website and allows small businesses access to timely information regarding active or future prime contracting or subcontracting opportunities. The forecast includes all relevant information regarding DOE contracts, including the name of the program soliciting the contract, the acquisition description, the contracting status, the competition type, the estimated dollar value, and the Small Business Program Manager's (SBPMs) contact information. This centralized contracting resource allows small businesses to better navigate the decentralized DOE federal contracting process and communicate with the appropriate small business contacts in a timely manner.⁸

The SBPMs assist small businesses by serving as a link between the business and the department in which the SBPM works. SBPMs are located in each major DOE office and are able to offer one-on-one assistance to small businesses seeking to work on a specific contract within the department's largely decentralized procurement process.⁹ The contact information of the DOE SBPMs are publicly available through the agency website, aiming to make communication between small businesses and the SBPMs simple.

The DOE OSDBU also works with the SBPMs by providing the managers with monthly training opportunities to ensure a well-rounded understanding of small business issues. These opportunities "provide tools, information and updates concerning small business laws and regulations, small business prime and subcontracting goals and achievement updates, DOE goaling process, small business outreach opportunities, and other important information concerning small business."¹⁰

⁵ *OSDBU Programs Home*, U.S. DEP'T OF ENERGY, available at <https://energy.gov/osdbu/osdbu-programs-home> (last visited Jan. 8, 2018).

⁶ E-mail from Kent Hibben, Senior Policy Analyst, U.S. Dep't of Energy, Office of Small & Disadvantaged Bus. Utilization, to author (Jan. 8, 2018, 15:26 EST) (on file with author).

⁷ *Acquisition Forecast*, U.S. DEP'T OF ENERGY, available at <https://energy.gov/osdbu/acquisition-forecast> (last visited Jan. 8, 2018).

⁸ *Id.*

⁹ *DIRECTORY OF SMALL BUSINESS PROGRAM MANAGERS (SBPMs), OFFICE OF SMALL & DISADVANTAGED BUS. UTILIZATION*, U.S. DEP'T OF ENERGY, (Aug. 3, 2017), available at <https://energy.gov/sites/prod/files/2017/08/f35/SBPM-Directory-2017-08-03.pdf>.

¹⁰ *REPORT TO CONGRESS ON AGENCY OFFICE OF SMALL BUSINESS UTILIZATION TRAINING AND TRAVEL COSTS FOR FISCAL YEAR 2016*, U.S. SMALL BUS. ADMIN., available at

III. DOE Department-Specific Small Business Programs

In addition to the OSDBU, DOE boasts a number of programs designed to assist small business in the energy sector. While these programs are spread throughout the agency, two such small business programs are housed within the Office of Energy Efficiency and Renewable Energy.

The Small Business Vouchers (SBV) pilot program allows small companies working in the clean energy field the opportunity to compete for vouchers worth between \$50,000 and \$300,000. These vouchers allow small businesses to test and develop their clean energy products using the specialized laboratory facilities of participating DOE National Laboratories.¹¹ Participation in SBV has proven beneficial for both participating small businesses and the DOE National Laboratories. The DOE final report on the SBV program notes that in the program's first two rounds, roughly 9% of applicants were awarded a total of 77 vouchers or \$14.7 million.¹² The majority of these firms (roughly two-thirds) had fewer than six employees and were using the SBV program as a means of further developing technology or prototypes that could be used in the clean energy industry in the future.¹³ In addition to the SBV small business benefits, participating DOE National Laboratories noted improved relationships between participating labs, enhanced understanding of small businesses, and increased insights that could be applied to research outside the SBV program.¹⁴

Beyond the SBV program, the Office of Energy Efficiency and Renewable Energy also offers the Federal Energy Management Program (FEMP). This program allows small businesses to seek contracts with federal agencies to provide energy efficient tools or strategies that would aid the agency in meeting its reduced energy usage goals. In an effort to prepare small businesses that wish to compete for these contracts, FEMP offers businesses the opportunity to take a number of training courses. These courses are available in person, online, and via live webinars, and focus on a number of areas in which FEMP seeks small business assistance, such as energy-efficient products and technologies, renewable energy, water efficiency, and sustainability and institutional change.¹⁵

IV. Department of Energy and Small Business Administration Coordination

The Small Business Administration (SBA) works directly with the DOE OSDBU and small businesses in the energy sector in a number of ways, such as through assessing contracting goals and the SBA Mentor-Protégé Program.

https://www.sba.gov/sites/default/files/resources_articles/FY16_Agency_Travel_and_Travel_Report_with_Enclosure.pdf. (last visited Jan. 8, 2018).

¹¹ *About Small Business Vouchers*, SMALL BUS. VOUCHERS, U.S. DEP'T OF ENERGY, available at <https://www.sbv.org/about.html> (last visited Jan. 8, 2018).

¹² BASELINE AND PROCESS EVALUATION OF SMALL BUSINESS VOUCHERS PILOT, U.S. DEP'T OF ENERGY, 13 (Dec. 2, 2016), available at https://energy.gov/sites/prod/files/2016/12/f34/Baseline%20and%20process%20evaluation%20of%20Small%20Business%20Vouchers%20Pilot%20-%20Dec%202016_0.pdf.

¹³ *Id.*

¹⁴ *Id.* at 15.

¹⁵ FEDERAL ENERGY MANAGEMENT PROGRAM, U.S. DEP'T OF ENERGY, available at https://energy.gov/sites/prod/files/2016/02/f29/fed_energy_mgmt_program.pdf (last visited Jan. 8, 2018).

The Small Business Procurement Advisory Council is tasked with “develop[ing] positions on proposed procurement regulations affecting the small business community,”¹⁶ which includes working with agency heads to set goals for the number of contracts awarded to small businesses and monitoring the status of those agencies goals. These goals are a key factor in determining numerous agency contracting and OSDBU activities which benefit the small business community immensely.

In addition to their role in agency contracting goals, the SBA offers a Mentor-Protégé program in which all eligible small businesses may participate. The SBA All Small Mentor-Protégé Program, authorized under the National Defense Authorization Act for FY 2013¹⁷ and the Small Business Jobs Act of 2010,¹⁸ is a government-wide version of the previously existing 8(a) Mentor-Protégé Program.

Through the All-Small Mentor-Protégé Program, any business that meets the size requirement is able to enter into a Mentor-Protégé Agreement (MPA) with a qualified mentor. Mentors must be able to “demonstrate that they can fulfill their obligations under the MPA, and that they are a federal contractor in good standing with the U.S. government.”¹⁹ After a mentor and a protégé enter into a MPA, a mentor is able to offer assistance in areas of “management and technical assistance, financial assistance, contracting assistance, trade education, business development assistance, or general and/or administrative assistance.”²⁰ Specifically, a small business in the energy sector would be able seek a mentor who has worked as a DOE federal contractor and can serve as a resource to assist the protégé in navigating the contracting process.

In addition to the All Small Mentor-Protégé program, the DOE received approval from the SBA to maintain an additional agency specific Mentor-Protégé program until FY 2022. The DOE Mentor-Protégé program seeks to “encourage seasoned DOE contractors to provide business development and sub-contracting opportunities to businesses who are interested in partnering with [the] agency.”²¹ Despite only currently maintaining 35 program agreements, it is a priority of the DOE OSDBU to continue to grow the program to further benefit the small business community.²²

V. Conclusion

The DOE maintains a number of programs aimed at assisting small businesses with navigating the federal contracting process, producing and developing energy products, and competing in the energy industry. Many of these resources are run through the DOE OSDBU; however, the department also maintains additional small business programs through various

¹⁶ Federal Acquisition Streamlining Act of 1994 § 7104(b)(1), 15 USC § 644 note.

¹⁷ Pub. L. No. 112–239, §1633, 126 Stat. 1632, 2076 (codified at 15 USC § 631 note).

¹⁸ Pub. L. No. 111–240, § 1347(b)(3), 124 Stat. 2504, 2547 (codified at 15 USC § 637 note).

¹⁹ *Eligibility Requirements*, U.S. SMALL BUS. ADMIN., available at <https://www.sba.gov/contracting/government-contracting-programs/all-small-mentor-protege-program/eligibility-requirements> (last visited Jan. 8, 2018).

²⁰ *About the All Small Mentor-Protégé Program*, U.S. SMALL BUS. ADMIN, available at <https://www.sba.gov/contracting/government-contracting-programs/all-small-mentor-protege-program/about-all-small-mentor-protege-program> (last visited Jan. 8, 2018).

²¹ E-mail from Kent Hibben, *supra* note 6.

²² E-mail from Kent Hibben, *supra* note 6.

agency divisions. These programs provide small businesses with insight and mentors within the DOE and the energy industry that allow them to better traverse not only the federal contracting network, but also the industry overall. While the DOE OSDBU does provide some valuable resources to small businesses in the energy sector, improvements could be made to increase small business awareness and participation in DOE programs. One potential improvement would be to centrally link all DOE small business programs within the OSDBU's website, allowing small businesses to more efficiently determine which programs for which they qualify. This hearing will provide members with the opportunity to better understand the role of the OSDBU as well as the inter-agency cooperation between the SBA and the DOE.