

**Congress of the United States**  
**Washington, DC 20515**

July 28, 2017

The Honorable Linda McMahon  
U.S. Small Business Administration  
409 3<sup>rd</sup> Street SW  
Washington, DC 20416

Dear Administrator McMahon:

We are writing to you regarding our concerns with the shortcomings in the business development of Puerto Rico's small firms, specifically on the four small business federal contracting programs. As Members of the House Small Business Committee, with jurisdiction over federal procurement matters that impact small companies, we are committed to ensuring Puerto Rico can fully benefit from SBA's cadre of contracting programs.

It is no surprise Puerto Rico is facing dire economic circumstances. While the causes for the economic decline in Puerto Rico are debatable, the facts upon us are real: over the past decade the Island's economy has shrunk by more than 10 percent and more than 400,000 people have migrated to the mainland. About 56 percent of children and more than 45 percent of its total population live in poverty – the highest poverty rate of any state or territory. Its unemployment rate is at an alarming 10.1 percent – more than twice the national level.

We believe small businesses will be the driving force behind the Island's vitality. We commend you for recently travelling to the island and hearing from small businesses. Understanding their challenges is vital to restoring economic growth. And, as you may know, an issue of great importance is their lack of access to federal contracting opportunities and the level of competition they face from mainland companies both on and off the Island. There has been continued neglect by all federal agencies in ensuring that Puerto Rican-owned small businesses have equitable access to contracting opportunities, resulting in disparities for these businesses.

In June, the Government Accountability Office issued a report on federal contracting concluding that further opportunities exist to improve federal contracting in Puerto Rico. As noted in the report, small businesses can receive federal prime contracts based on full and open competition and through set asides and sole source awards they may qualify for based on their certifications in the four SBA socioeconomic programs. However, GAO found that small Puerto Rican firms are more successful through full and open competition rather than through designations.

Despite this finding, it is still tremendously difficult for small business concerns on the Island to win contracts through full and open competition because they face challenges. Due to limited

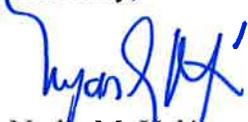
opportunities to gain relevant experience in order to build past performance, small Island companies cannot successfully bid going forward. This vicious cycle is not sustainable for Puerto Rico, especially during such economically difficult times.

While it is important to assist all small business in Puerto Rico, it is imperative we offer the support necessary to keep already existing companies in business. One such way to do this, is through focusing on the federal procurement needs of small firms. Therefore, we are requesting that the SBA make addressing those procurement challenges a priority on the Island and across all federal agencies. Whether it is through procurement center representatives, workshops, matchmaking events, or other activities, we encourage you to take immediate actions to create an equitable playing field for small Puerto Rican contractors.

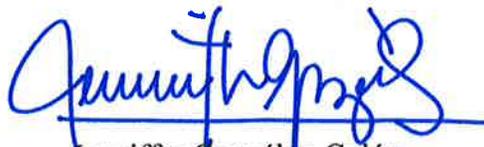
It is our hope that we can work together over the coming months to ensure equal participation opportunities for legitimate Puerto Rican small businesses in the Federal marketplace.

Please let us know how we can assist you in your efforts to educate small businesses in the Federal procurement process and to facilitate greater participation for small firms on the Island wishing to take part in Federal contracting opportunities. Please keep us updated on any progress you make on this important topic.

Sincerely,



Nydia M. Velázquez  
Member of Congress



Jennifer González-Colón  
Member of Congress

cc:

Mr. Robb Wong, Associate Administrator, Small Business Administration

Ms. Yvette T. Collazo, Puerto Rico District Director, Small Business Administration