



U.S. Small Business Administration

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TESTIMONY of

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U.S. House of Representatives Committee on Small Business

Subcommittee on Contracting and Workforce

*Maximizing Mentoring: How are the SBA and DoD Mentor-Protégé Programs
Serving Small Businesses?*

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10:00 AM

Chairman Hanna, Ranking Member Takai, and members of the Subcommittee, I am honored to be here today to discuss how my agency is implementing changes to its mentor-protégé program and the mentor-protégé programs of other agencies, as mandated by section 1347 of the Small Business Jobs Act (Jobs Act) of 2010 and section 1641 of the National Defense Authorization Act (NDAA) for Fiscal Year 2013.

The Small Business Administration has a long established 8(a) mentor-protégé program, which is designed to enable approved mentors to provide various forms of business development assistance to eligible 8(a) Program Participants. This can range from technical and/or managerial assistance, financial assistance in the form of equity investments and/or loans; subcontracts; and/or assistance in performing Federal prime contracts through joint venture arrangements.

The goal of the 8(a) mentor-protégé relationship is to enhance the overall capability of eligible protégés, improve the protégé's ability to successfully compete for both prime and commercial contract opportunities, and increase their chances for entrepreneurial success upon completion of the nine (9) year 8(a) Business Development program. Success is different for each 8(a) Participant because each mentor-protégé agreement uniquely describes the protégé's specific needs and provides a detailed timeline for delivery of the assistance the mentor commits to provide to address those needs. Many of our protégés receive assistance in developing their infrastructure, building technical experience and past performance, developing quality management systems to earn International Organization for Standardization 9000 certification (often referred to as ISO 9000), and developing process improvement standards to earn Capability Maturity Model Integration certifications (often referred to as CMMI). Protégés also receive assistance with obtaining security clearances for their employees and facilities, developing prime contract proposal writing skills, and strengthening their ability to manage finances and general administrative business operations.

The 8(a) mentor-protégé relationship can also enhance the protégé's competitiveness with both 8(a) and non-8(a) contract awards, as larger, more established mentors can enter into Joint-Venture (JV) agreements with protégés to compete for certain federal government contracts and subcontracts. Currently, there are 389 active 8(a) Mentor-Protégé agreements in SBA's portfolio, and 141 SBA-approved 8(a) Mentor-Protégé Joint Ventures. According to the most

recent FPDS data, in Fiscal Year 2015 Agencies awarded 8(a) Joint Ventures approximately \$1.42 billion in 8(a) and non-8(a) contracts.

One of SBA's top priorities is to ensure the benefits of its contracting programs flow to the intended recipients and oversight of the agency's 8(a) mentor-protégé program is conducted annually by SBA District Business Opportunity Specialists and the Headquarters Office of Continuing Eligibility Review team. Each year, mentor-protégé relationships are reviewed to ensure that teams continue to meet the objectives of the program and to monitor activities to mitigate potential risks associated with fraud, waste and abuse. At least annually, the SBA evaluates the success of the mentor-protégé relationships to ensure that each protégé received the business development assistance promised to it under its mentor-protégé agreement and that the relationship continues to be a benefit to the protégé firm.

Over the past several years, Congress has significantly broadened the scope of SBA's mentor-protégé authority. The Jobs Act of 2010 enabled the agency to expand the mentor-protégé program to include Service-Disabled Veteran-Owned Small Businesses (SDVOSBs), Women Owned Small Businesses (WOSBs) and small businesses located in Historically Underutilized Business Zones (HUBZones). Subsequently, in the NDAA of FY 2013, Congress authorized SBA to create a mentor-protégé program to include all small businesses, consistent with the agency's mentor-protégé program for Participants in the 8(a) Business Development program.

On February 5, 2015, SBA issued a proposed rule to establish a Government-wide small business mentor-protégé program, and the comment period for that proposed rule has officially closed. We are currently drafting a final rule that will then be sent to the Office of Information and Regulatory Affairs (OIRA) for interagency review. SBA has begun planning for implementation and stood up a Mentor-Protégé Program Expansion (MPP) Project Team to oversee the expansion and implementation of its new Government-wide mentor-protégé program. NDAA 2013 also required SBA to review the mentor-protégé programs of other agencies within one year of implementing the final mentor-protégé rule to determine whether they should continue. The Department of Defense's mentor-protégé program was specifically excluded.

SBA is committed to the successful expansion of the mentor-protégé program, and across the Administration, we are committed to ensuring that more small businesses have access to

programs that will enable them to compete for more contracting opportunities, grow their businesses and create jobs in our communities. As Administrator Contreras-Sweet highlighted in her priorities speech, “The SBA will be a ‘market maker’ for small companies by opening new business channels within the federal government.”

Thank you for your continued leadership and support, and I look forward to your questions.