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SBA rule change seen as helping small business

Dec 21, 2004 (The San Diego Union-Tribune - Knight Ridder/Tribune Business News via COMTEX) --

A Small Business Administration rule change that takes effect today should make it easier for small businesses to win contracts from the federal government.

The change has to do with how the government classifies contracts that are won by small businesses that are later bought by large companies. Until today, a government agency would be able to count such a contract toward its Congress-mandated goal that 23 percent of prime contract dollars go to small businesses.

Not anymore. From here forward those contracts will be reclassified, and agencies will have to find new companies to help meet their quota. "There will be a greater effort by the government to seek out new small businesses for contracts," said Gary Jackson, the assistant administrator for size standards at the SBA.

The new rule could mean a gradual transfer of billions in government dollars from large to small companies.

"It is a long time in coming," said Lloyd Chapman, president of the Bay Area-based American Small Business League. "Its about time that the SBA establish a policy that helps small businesses."

A September study of defense contracts by the Washington-based Center for Public Integrity found that 30 percent of all defense contract money reported as going to small or minority-owned businesses between 1998 and 2003 ended up in the hands of large companies.

One of those companies was San Diego-based Titan Corp., according to the center's study. When Titan bought SenCom Corp. in 2000, it also bought \$176 million in contracts that SenCom had won as a small business. Titan spokesman Wil Williams acknowledged the small business contracts held by Titan, but said the rule change will have a negligible effect on the company's bottom line.

"We haven't bought any companies in two years," Williams said. "Our growth has been from within."

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