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Offices of Small and Disadvantaged Business Utilization: An Overview

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Offices of Small and Disadvantaged Business Utilization: An Overview

In 1978, Congress passed P.L. 95-507, which among other actions, established an Office of Small and Disadvantaged Business Utilization (OSDBU) in each federal agency having procurement powers. The legislation created OSDBUs to improve federal contracting opportunities for small businesses as well as to assist small business owners who contract with or seek to contract with the federal government.

OSDBU responsibilities specified in statute include consultation with agency procurement and Small Business Administration (SBA) staff, as well as provision of some forms of assistance for small business contractors and subcontractors. OSDBUs play a role in each purchasing agency's small business contracting strategy, coordinate with agency procurement professionals on day-to-day purchasing tasks, liaise with the SBA, and provide direct outreach to and support for small business owners. Although OSDBU responsibilities are codified, the activities of individual OSDBUs may vary due to agency size and purchasing needs. Some agencies have subdivisions, which have their own purchasing units and thus procurement staff and OSDBU staff assigned to these divisions. The Department of Defense (DOD) has sub-department-level OSDBUs.

The statutory requirements of these offices, and the extent of the requirements, may present certain policy challenges. Variation across agencies impacts implementation of OSDBU duties, and may make it difficult for Congress to prescribe uniform changes to OSDBU requirements. Moreover, the breadth of activities required of OSDBUs may limit their capacity to serve small business owners, though they remain important points of contacts for contractors and subcontractors. Other resources for contractors available through the SBA and DOD provide additional support for small business owners seeking to understand the federal contracting market.

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R. Corinne Blackford

Analyst in Small Business
and Economic
Development Policy

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Introduction

Government agencies that have procurement authority are required to have an Office of Small and Disadvantaged Business Utilization (OSDBU) to help implement federal contracting policies related to small business contractors and subcontractors. Congress directed the creation of OSDBUs in 1978 to improve federal contracting opportunities for small businesses as well as to assist small businesses in their dealings with agencies (e.g., obtaining payment).¹ Since then, OSDBU responsibilities and activities have evolved. Legislation has implicated these offices when seeking to facilitate small business contracting. The John S. McCain National Defense Authorization Act for Fiscal Year 2019 (NDAA), for example, required the Department of Defense to develop a Small Business Strategy.²

The responsibilities of OSDBUs, as codified, include implementing agency small business contracting strategies, handling unsolicited contract proposals, and providing technical assistance to government personnel involved in contracting and working with small business contractors. These requirements are described in detail in this report (see “OSDBU Responsibilities”).

Although there are numerous requirements shared by all OSDBUs, there is variation across these offices in terms of their staff size and activities. This variation may be necessitated by differences in purchasing agency needs, as well as in their organizational structures. Some agencies, for example, have multiple subdivisions, each with their own purchasing units.

In addition to providing a basic overview of OSDBU functions, this report highlights the OSDBUs of three of the largest federal buyers (Department of Defense, Department of Health and Human Services, and Department of Veterans Affairs). It also briefly discusses policy challenges facing OSDBUs, given their mandate both to facilitate small business spending by agency purchasing officials and to work directly with small business owners.

Establishment of OSDBUs

Section 221(k) of P.L. 95-507 directs the creation of OSDBUs at “each Federal agency having procurement powers” and specifies some aspects of their organization in addition to certain duties.³ P.L. 95-507 embedded OSDBUs in federal agencies and specified that an OSDBU director “be responsible only to (including with respect to performance appraisals), and report directly and exclusively to” an agency’s head or deputy.⁴ Each OSDBU’s primary function is to ensure that small businesses, small disadvantaged businesses (SDBs), women-owned small businesses (WOSBs), service-disabled veteran-owned small businesses (SDVOSBs), and Historically Underutilized Business Zone (HUBZone) businesses have an opportunity to compete and be selected for an agency’s contracts.⁵ Legislation has set five government-wide small business contracting goals for each type of small business listed above, which agencies collectively aim to meet each fiscal year.⁶ OSDBU staff work to help their agencies reach these goals.

¹ P.L. 95-507, amending the Small Business Act and the Small Business Investment Act of 1958.

² Section 851 of the John S. McCain National Defense Authorization Act for Fiscal Year 2019 (P.L. 115-232).

³ Codified at 15 U.S.C. §644(k).

⁴ 15 U.S.C. §644(k)(3).

⁵ P.L. 95-507; codified at 15 U.S.C. §644(k)(4).

⁶ More information on contracting goals is available in CRS Insight IN12018, *Federal Small Business Contracting Goals*, by R. Corinne Blackford.

OSBUs also have explicit statutory authority regarding contracts awarded through the 8(a) Business Development Program.⁷ The law specifies that OSDBUs should be “responsible for the implementation and execution” of certain small business contracting program functions, such as recommending contract set-asides for small businesses.⁸

In addition to establishing OSDBUs, P.L. 95-507 also made changes to federal small business subcontracting policy, which OSDBUs play a role in implementing (see “OSDBU Responsibilities,” below).⁹

OSDBU Responsibilities

OSDBU statutory responsibilities include consultation with agency procurement officials and SBA staff, in addition to assistance for small business contractors and subcontractors.¹⁰ The Small Business Procurement Advisory Council (SBPAC)¹¹ performs an annual review of OSDBU compliance with these requirements. Selected OSDBU roles are described below.

Procurement Strategy

OSDBUs participate in the development of each purchasing agency’s small business contracting strategy as federal agencies strive to reach their small business contracting goals. OSDBUs are statutorily required to provide the agency’s “Chief Acquisition Officer and senior procurement executive ... advice and comments on acquisition strategies, market research, and justifications [related to limitations on the consolidation of contracts].”¹² This function is intended to lay the groundwork for small business contracting opportunities at an agency, prior to contract solicitation and proposal review.

Additionally, according to the SBA’s FY2024 Congressional Budget Justification, OSDBU directors and staff meet monthly with the SBA, “to provide training and policy updates, share

⁷ P.L. 95-507, To Amend the Small Business Act and the Small Business Investment Act of 1958, 92 Stat. 1757 (October 24, 1978). For small “socially and economically disadvantaged” business owners, the 8(a) program creates federal contracting preferences such as contract set-asides and sole-source contracts. More information on that program is available in CRS In Focus IF12458, *The SBA’s 8(a) Business Development Program*, by R. Corinne Blackford.

⁸ As specified at 15 U.S.C. §644(k)(4), the OSDBU Director “shall be responsible for the implementation and execution of the functions and duties under sections 637 [8(a) program participant contracts and women-owned small business contracts], 644 [small business contracts], 657a [HUBZone contracts], 657f [service-disabled veteran small business contracts], and 657q of this title which relate to such agency.” Acquisition regulations at 48 C.F.R §19.501(c) elaborate that contracting officers are required to “giv[e] consideration to the recommendations of agency personnel in the Office of Small and Disadvantaged Business Utilization” when reviewing acquisitions “to determine if they can be set aside, in total or in part, or reserved for small business.”

⁹ Information on federal subcontracting policies for small businesses is available in CRS Report R47585, *An Overview of Small Business Subcontracting: In Brief*, by R. Corinne Blackford.

¹⁰ 15 U.S.C. §644(k).

¹¹ Section 1692 of the National Defense Authorization Act for Fiscal Year 2013 (P.L. 112-239) required SBPAC, which is chaired by the SBA, to annually review each OSDBU’s compliance with the requirements, and report results to the congressional small business committees. Reviews are incorporated into agency Small Business Procurement Scorecards, available at <https://www.sba.gov/agency-scorecards/>.

¹² 15 U.S.C. §644(k)(12).

best practices, and discuss progress toward prime and subcontracting goals.”¹³ These meetings are designed to involve discussions that “analyze agency procurements.”¹⁴

Assistance for Agency Procurement Personnel

Statute directs OSDBUs to provide certain kinds of support to federal agency personnel involved in small business contracting matters, and to work with them to achieve small business contracting goals.¹⁵ In addition to their role in advising on procurement strategy, OSDBUs coordinate with agency procurement professionals on day-to-day purchasing tasks.¹⁶

OSDBU staff include “small business technical advisors” who collaborate with both SBA staff and the procurement personnel at their agency. While SBA contracting program personnel and OSDBU personnel are primarily concerned with small business policy, agency procurement personnel seek, primarily, to meet an agency’s purchasing needs. To facilitate collaboration with agency procurement officials on small business policy, OSDBUs liaise with SBA staff known as Procurement Center Representatives (PCRs).¹⁷

One area where OSDBU, purchasing officials, and SBA personnel collaborate is setting aside procurements for small businesses, including contracts for specific types of small businesses (namely SDBs, WOSBs, SDVOSBs and HUBZone businesses). Although an agency’s contracting officer determines if a contract can be set aside for small businesses, s/he must “give consideration to” the recommendations of OSDBU personnel.¹⁸ A PCR may request that an agency contracting officer make “any proposed acquisition in excess of the micro-purchase threshold [\$10,000]” available for his/her review.¹⁹

Another area where OSDBU activities are integrated with purchasing personnel activities is “contract bundling,”²⁰ a practice that can create barriers to small business participation in contracts. Bundling combines separate purchases into a single contract. OSDBUs must “[i]dentify

¹³ Small Business Administration, *FY 2024 Congressional Budget Justification and FY 2022 Annual Performance Report*, p. 70, at <https://www.sba.gov/document/report-congressional-budget-justification-annual-performance-report>.

¹⁴ *Ibid.*, p. 69.

¹⁵ U.S. Government Accountability Office, *Small Business Contracting: Actions Needed to Demonstrate Compliance with Requirements for Small Business Advocates*, GAO-18-191T, October 25, 2017, p. 7, <https://www.gao.gov/products/gao-18-191t>.

¹⁶ This report refers to agency procurement professionals or agency procurement personnel or purchasing personnel, which may include agency staff members responsible for agency procurement, such as Chief Acquisition Officers, Senior Procurement Executives, and Contracting Officers.

¹⁷ 15 U.S.C. §644(k)(8). OSDBUs must assign “a small business technical adviser to each office to which the SBA has assigned” a PCR; the small business technical advisor’s “principal duty” is “to assist” the PCR. PCRs are SBA staff assigned to any contracting activity or contract administration office by the SBA, to implement the SBA’s policies and programs. The SBA currently has 43 PCRs located in the SBA’s six Area Offices, which cover different agencies and regions of the country. Per 48 C.F.R §19.402(c), PCRs perform such tasks as reviewing proposed agency acquisitions to recommend contract set-asides for small businesses; recommending ways to improve acquisition competition; and recommending contracting method alternatives when the PCR “believes that the acquisition, as proposed, makes it unlikely that small businesses can compete for the prime contract.”

¹⁸ 48 C.F.R §19.501(c); However, agencies “may establish threshold levels for this review [of contracts for small business set-asides] depending upon their needs.”

¹⁹ 48 C.F.R §19.501(d).

²⁰ Per 13 C.F.R. §125.1, contract bundling “means the consolidation of two or more procurement requirements for goods or services previously provided or performed under separate smaller contracts into a solicitation of offers for a single contract, a Multiple Award Contract, or Blanket Purchase Agreement that is likely to be unsuitable for award to a small business concern (but may be suitable for award to a small business with a Small Business Teaming Arrangement).”

proposed solicitations that involve significant bundling of contract requirements, and work with the agency acquisition officials ... to revise the procurement strategies for such proposed solicitations where appropriate to increase the probability of participation by small businesses as prime contractors, or to facilitate small business participation as subcontractors.”²¹ The Small Business Act requires the SBA annually to report on contract bundling to Congress.²² The SBA requests information from agencies about their bundling for this purpose,²³ and this task may be expedited by the relationships between OSDBU, agency purchasing personnel, and SBA staff.

Assistance for Small Business Contractors and Subcontractors

OSDBUs provide direct support for small business contractors and subcontractors, especially with regard to specific contracts. OSDBUs are required to assist small businesses “to obtain payments, required late payment interest penalties, or information regarding payments due to the [small business] concern from an executive agency or a contractor.”²⁴ When subcontracts are awarded to small businesses, OSDBUs must review the subcontracting plans²⁵ required by prime contractors “to ensure that the plan provides maximum practicable opportunity for small business concerns to participate in the performance of the contract to which the plan applies.”²⁶ OSDBUs must also help small businesses that are awarded contracts or subcontracts to find “resources for education and training on compliance with contracting regulations.”²⁷

When a small business notifies an OSDBU, prior to a contract award, “that the small business concern believes that a solicitation, request for proposal, or request for quotation unduly restricts the ability of the small business concern to compete for the award,” an OSDBU can recommend ways that a contract solicitation “may be altered to increase the opportunity for competition [by small businesses].”²⁸ In such situations, the OSDBU is tasked to ensure that the business “is aware of other resources and processes available to address unduly restrictive provisions.”²⁹ Those resources might include SBA assistance or the DOD procurement technical assistance program (provided through entities known as APEX Accelerators).³⁰

Unsolicited Contract Proposal Referrals

OSDBUs are charged to “receive unsolicited proposals and, when appropriate, forward such proposals” to agency purchasing personnel.³¹ Unsolicited proposals are proposals for “a new or

²¹ 15 U.S.C. §644(k)(5).

²² Section 15(p)(4) of the Small Business Act, codified at 15 U.S.C. §644(p)(4).

²³ SBA has also obtained information from the System for Award Management (SAM) for this purpose. The James M. Inhofe National Defense Authorization Act for Fiscal Year 2023 (P.L. 117-263) required agencies to provide SBA with all the bundling data directly. See also U.S. Small Business Administration, *Fiscal Year 2021 Contract Bundling Report to Congress*, May 10, 2023, p. 7, <https://www.sba.gov/sites/sbagov/files/2023-09/Final%20FY21%20Contract%20Bundling%20Report%20with%20Agency%20Reports.pdf>.

²⁴ 15 U.S.C. §644(k)(6).

²⁵ For additional information on subcontracting policy, including the subcontracting plans required of some prime contractors, see CRS Report R47585, *An Overview of Small Business Subcontracting: In Brief*, by R. Corinne Blackford.

²⁶ 15 U.S.C. §644(k)(20).

²⁷ 15 U.S.C. §644(k)(19).

²⁸ 15 U.S.C. §644(k)(17).

²⁹ 15 U.S.C. §644(k)(17)(c).

³⁰ *Ibid.*

³¹ 15 U.S.C. §644(k)(14).

innovative idea that is submitted to an agency on the initiative of the offeror for the purpose of obtaining a contract with the Government, and that is not in response to a request for proposals ... or any other Government-initiated solicitation or program.”³² Advertising materials or promotion of commercial products or services are not considered unsolicited proposals—a defining feature of an unsolicited proposal is that it “be innovative and unique.”³³ Following the receipt of a valid unsolicited proposal, an agency conducts a “comprehensive evaluation” of the proposal’s merits, the offeror’s capabilities, and the proposed cost.³⁴ A contracting officer may then commence contract negotiations or may return the proposal to the offeror for various reasons.³⁵

Variation Across OSDBUs

Although OSDBUs generally perform similar functions, the activities of individual OSDBUs may vary. Agency size and purchasing needs are two significant characteristics that may affect this variation. It can be difficult to determine which services and programs are truly unique to an OSDBU. OSDBUs have discretion to develop their specific programming and may title and describe their activities differently for their respective users. Nevertheless, specialized, agency-specific OSDBU services can be observed, particularly at large agencies with multiple, internal purchasing units and corresponding procurement staffs.

A few examples of OSDBU activities are provided below for the following major federal buyers: Department of Defense (DOD), Department of Health and Human Services (HHS), and Department of Veterans Affairs (VA). These three agencies are typically the largest spenders in terms of annual small business contracting dollars. In FY2022, for instance, DOD spent the most on small business contracts of all agencies at over \$85 billion; VA spent the second most at over \$11 billion, and HHS spent the third most at over \$9 billion.³⁶

Department of Defense

Within DOD, there are small business offices not only for each branch of the military (Army, Navy, Air Force), but also for other defense agencies including the Army Corps of Engineers, Marine Corps Systems Command, Naval Supply Systems Command, and Defense Logistics Agency. All of these offices are referred to as Offices of Small Business Programs (OSBPs).³⁷ Defense agency-level OSBPs can provide information such as current contracting opportunity details and may provide Long Range Acquisition Estimates to make “early planning possible to a wide range of current and potential industry partners.”³⁸ Branch-level OSBPs provide branch-wide small business program coordination and small business outreach, and oversee agency-level OSBPs. The Department of Navy OSBP, for example, oversees Marine Corps and naval agency

³² 48 C.F.R. §2.101.

³³ 48 C.F.R. §15.603(c)(1).

³⁴ 48 C.F.R. §15.606-2.

³⁵ 48 C.F.R. §15.607. Reasons may include that what is offered is “available to the Government without restriction from another source; “closely resembles a pending competitive acquisition requirement”; “does not relate to the activity’s mission”; or “does not demonstrate an innovative and unique method, approach, or concept, or is otherwise not deemed a meritorious proposal.” If any of these apply, the agency must return the proposal and cite the reason.

³⁶ U.S. General Services Administration (GSA), “Sam.Gov Data Bank, Static: Small Business Goaling Report [FY2022],” at <https://sam.gov/reports/awards/static>.

³⁷ The DOD renamed its OSDBU to Office of Small Business Programs (OSBP) in accordance with the National Defense Authorization Act of 2006.

³⁸ Naval Sea Systems Command, “NAVSEA Long Range Acquisition Estimate,” accessed October 16, 2023, at <https://www.navsea.navy.mil/Business-Partnerships/LRAE/>.

OSBPs and links them with DOD-wide small business resources. Branch OSBPs also oversee their branch Mentor-Protégé Program (MPP).³⁹

DOD’s department-level OSBP, which oversees all the branch OSBPs in the department, maintains a national network of Regional Councils for Small Business Education and Advocacy (Councils), to help train the dispersed acquisition personnel located across the country.⁴⁰ The Councils “disseminate information and share ideas in a collaborative effort to address issues impacting their small business programs.”⁴¹ DOD OSBP states that the “Councils are a venue to ensure that policy from the Office of the Secretary of Defense is passed to the field levels” and that they train various small business office staff “to promote effective competition and increase small business participation in DoD contracting and subcontracting.”⁴²

The DOD OSBP also issues biennial updates to a Small Business Strategy (hereinafter “Strategy”) and corresponding implementation plan, as directed by Congress.⁴³ The Strategy outlines “strategic objectives” related to small business contracting and the implementation plan identifies organizations that are responsible for implementation as well as progress evaluation metrics and resources required for implementation.⁴⁴ In testimony during a 2023 Senate Armed Services Committee subcommittee hearing, the DOD OSBP director, Farooq Mitha, remarked that “the goal of the [small business] strategy is to ensure small businesses entering the defense marketplace understand the contracting opportunities, resources available to them, and where to get support.”⁴⁵

Department of Health and Human Services

Similar to DOD, agencies within HHS (e.g., Centers for Disease Control and Prevention, Food and Drug Administration, National Institutes of Health) have dedicated personnel who specialize in small business contracting but unlike at DOD, HHS agencies do not each have their own OSDBU; each agency has one or more “Small Business Specialist” who reports up to the agency-level OSDBU.⁴⁶

The HHS OSDBU hosts monthly “vendor engagement sessions” for small business contractors to “meet one-on-one” with agency Small Business Specialists, as well as monthly “office hours with

³⁹ Army Office of Small Business Programs, “Mentor-Protégé Program,” accessed October 16, 2023, at <https://osbp.army.mil/Programs/Mentor-Prot%C3%A9g%C3%A9-Program>; Navy Office of Small Business Program, “Mentor-Protégé Program,” accessed October 16, 2023, at <https://www.secnav.navy.mil/smallbusiness/pages/mentor-protege.aspx>; Air Force Office of Small Business Programs, “Mentor-Protégé Program,” accessed October 16, 2023, at <https://www.airforcesmallbiz.af.mil/Support-Programs/MENTOR-PROTEGE-Program/>.

⁴⁰ Department of Defense Office of Small Business Programs, “DoD Regional Councils,” accessed September 25, 2023, at <https://business.defense.gov/Acquisition/DoD-Regional-Councils/>. While not mandated, 15 U.S.C. §644(k)(13) allows for OSDBU “training to small business concerns and contract specialists.”

⁴¹ Department of Defense Office of Small Business Programs, “DoD Regional Councils,” accessed September 25, 2023, at <https://business.defense.gov/Acquisition/DoD-Regional-Councils/>.

⁴² Ibid.

⁴³ 10 U.S.C. §4901; William M. (Mac) Thornberry National Defense Authorization Act for Fiscal Year 2021 (P.L. 116-283).

⁴⁴ Ibid.; Department of Defense, “Small Business Strategy,” January 2023, available at <https://media.defense.gov/2023/Jan/26/2003150429/-1/-1/0/SMALL-BUSINESS-STRATEGY.PDF>.

⁴⁵ U.S. Congress, Senate Committee on Armed Services, Subcommittee on Readiness and Management Support, *Department of Defense Small Business Tools for Enhancing the Industrial Base*, 118th Cong., March 22, 2023.

⁴⁶ Department of Health and Human Services, “The Office of Small and Disadvantaged Business Utilization,” accessed October 17, 2023, at <https://www.hhs.gov/about/agencies/asfr/ogapa/osdbu/index.html>.

the Executive Director,” including those specifically for “first time contract awardees.”⁴⁷ The OSDBU also maintains a Small Business Customer Experience (SBCX) portal for small business owners to register with the department’s small business database, see contracting opportunity forecasts, and learn about contracting with HHS agencies.⁴⁸

Department of Veterans Affairs

The VA OSDBU hosts small business outreach and education events as well as networking sessions through its “Direct Access Program.” The agency reports that this program helps contractors “build partnerships” and “gain access to Procurement Decision Makers.”⁴⁹ The office provides a number of “small business liaisons,” or procurement office points of contact, to assist small business owners.⁵⁰ Like other OSDBUs, it maintains contracting opportunity forecasts and a directory of prime contractors with subcontracting plans, to help prospective subcontractors locate subcontracting opportunities.⁵¹ Similar to DOD and HHS, the VA has subdivisions or agencies within the department, such as the Veterans Health Administration. Small business liaisons are located within those VA agencies as well as VA central offices and regional VA healthcare system offices. For example, a liaison is provided for each one of 23 healthcare networks, the Veterans Benefits Administration, and VA offices such as the Office of Information Technology.⁵²

Policy Challenges

The compliance of OSDBUs with their statutory requirements, and the extent of those requirements, may present policy challenges. These challenges could affect agencies differently, given their operational differences; it may also be difficult for Congress to prescribe uniform adjustments to OSDBU requirements due to their differences.

The Government Accountability Office (GAO) has identified OSDBU compliance issues. A 2017 report by GAO found that several OSDBUs did not comply with requirements for the offices specified at 15 U.S.C. §644.⁵³ Recommendations from that report include that DOD and VA address a lack of small business technical advisors assigned to each office to which the SBA has assigned a PCR.⁵⁴ DOD’s response was that “the Defense Federal Acquisition Regulation

⁴⁷ Department of Health and Human Services, “Vendor Engagement Sessions,” accessed October 17, 2023, at <https://www.hhs.gov/grants-contracts/small-business-support/vos-events/index.html>.

⁴⁸ Department of Health and Human Services, “SBCX,” accessed October 17, 2023, at <https://osdbu.hhs.gov/industry/sb-directory>.

⁴⁹ Department of Veterans Affairs, Office of Small and Disadvantaged Business Utilization, “Direct Access Program,” accessed October 17, 2023, at <https://www.va.gov/OSDBU/outreach/dap/index.asp>.

⁵⁰ Department of Veterans Affairs, Office of Small and Disadvantaged Business Utilization, “Small Business Liaisons,” accessed October 3, 2023, at <https://www.va.gov/osdbu/about/contacts.asp#sbl>.

⁵¹ Department of Veterans Affairs, Office of Small and Disadvantaged Business Utilization, “Doing Business with VA,” accessed October 17, 2023, at <https://www.va.gov/osdbu/library/dbwva.asp>. Information on federal subcontracting policies for small businesses is available in CRS Report R47585, *An Overview of Small Business Subcontracting: In Brief*, by R. Corinne Blackford.

⁵² Department of Veterans Affairs, Office of Small and Disadvantaged Business Utilization, “Small Business Liaisons,” accessed October 18, 2023, at <https://www.va.gov/osdbu/about/contacts.asp#sbl>.

⁵³ U.S. Government Accountability Office, *Small Business Contracting: Actions Needed to Demonstrate and Better Review Compliance with Select Requirements for Small Business Advocates*, GAO-17-675, August 25, 2017, <https://www.gao.gov/products/gao-17-675>.

⁵⁴ U.S. Government Accountability Office, *Small Business Contracting: Actions Needed to Demonstrate and Better Review Compliance with Select Requirements for Small Business Advocates*, GAO-17-675, August 25, 2017, <https://www.gao.gov/products/gao-17-675> (continued...)

Supplement delegates the authority to appoint small business technical advisers to the head of the contracting activity [(i.e., the sub-branch defense agencies)].⁵⁵ DOD’s decentralized structure for small business programs gives every purchasing unit, or “buying command,” within DOD their own OSBP, which leaves the DOD’s department-level OSBP in a coordination role, undertaking some but not necessarily all of the same functions of lower-level OSBPs. The VA response was similar, that “the advisor personnel remain employees of the contracting activity [(i.e., sub-department agencies such as Veterans Health Administration)].”⁵⁶

Apart from compliance, OSDBU challenges may also include the breadth of activities and small contractor support required of them. In general, contractors may invest significant resources in order to submit contract proposals, a process that can be onerous for small firms. The DOD provides a “Guide to Marketing to DOD” on its OSDBU website that explains, “[i]t typically takes at least 18 months of planning before a government contractor wins their first contract.” The Guide also advises, “[y]ou may have only 30 days to put together a top-notch technical proposal. It’s not uncommon for small businesses to spend hundreds of hours and hundreds of thousands of dollars developing proposals that they don’t win.” OSDBU assistance and outreach for small business owners is therefore an important resource, but a limited one. Additional resources for small contractors besides OSDBUs include APEX Accelerators and Small Business Administration technical assistance.⁵⁷ These resources may be equally important from the perspective of small business contractors seeking to understand the federal contracting market.

Conclusion

Offices of Small and Disadvantaged Business Utilization in each agency with procurement powers are a pillar of federal small business contracting policy. OSDBU statutory responsibilities include consultation with and assistance for agency procurement and SBA staff, in addition to assistance for small business contractors and subcontractors. The broad role that OSDBUs play can present policy challenges, particularly in light of the variation across federal agencies, in terms of their sizes and purchasing needs. Challenges include compliance with the requirements of the offices and the extent of those requirements. Major federal buyers such as the Department of Defense, Department of Health and Human Services, and Department of Veterans Affairs provide illuminating examples. These three agencies are typically the largest spenders in terms of annual small business contracting dollars. While OSDBUs facilitate small business spending by agencies in addition to providing important resources for small business contractors, small business owners face hurdles as federal contractors and may access additional resources provided by DOD (APEX Accelerators) and the Small Business Administration.

Review Compliance with Select Requirements for Small Business Advocates, Recommendations, accessed October 18, 2023, at <https://www.gao.gov/products/gao-17-675>.

⁵⁵ Ibid.

⁵⁶ Ibid.

⁵⁷ Department of Defense, Office of Small Business Program, “APEX Accelerators Roadshow,” accessed October 30, 2023, at <https://business.defense.gov/Engage/APEX-Accelerators-Roadshow/>; Small Business Administration, “Federal Contracting Assistance,” accessed October 30, 2023, at <https://www.sba.gov/local-assistance/federal-contracting-assistance>.

Author Information

R. Corinne Blackford
Analyst in Small Business and Economic
Development Policy

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