

Senator Claire McCaskill (D-MO) has introduced the Fairness for Small Businesses in Contracting Act (S. 1590), legislation that would:

- * Require the Small Business Administration (SBA) and the Federal Acquisition Regulatory Council to develop a new classification system for businesses, and that the new classification system categorize companies using 20 or fewer industries and size standards based on the current economic census

- * Require SBA's administrator to issue new rules that would prevent some non-manufacturers from qualifying as manufacturers, thereby preventing them from winning small business contracts for which they are not eligible

McCaskill's proposal is in response to an investigation conducted by her Subcommittee on Contracting Oversight that found that firms with profits reaching upward of \$400 million were winning contracts meant for small businesses. "The investigation pointed to a flawed system used to determine eligibility for contracts based on a system using more than 1,200 codes (known as NAICS numbers) never intended be used in federal contracting, as well as the ability of businesses to self-select their categories," states a press release issued by McCaskill's office. "According to the American Small Business League, 61 of the top 100 firms that received small business contracts in 2010 were actually large businesses or were owned and controlled by large firms."

McCaskill chaired a hearing in July to examine ways large businesses are obtaining and performing small business contracts. The Fairness for Small Businesses in Contracting Act has been referred to the Senate Small Business and Entrepreneurship Committee.

Source Articles: McCaskill calls foul on corporations cheating small businesses
<http://www.mccaskill.senate.gov/?p=press_release&id=1340> (Office of Senator Claire McCaskill (D-MO), 9/22/2011) S. 1590 (draft)
<[http://mccaskill.senate.gov/files/documents/pdf/Fairness in Small Business Contracting Legislation.pdf](http://mccaskill.senate.gov/files/documents/pdf/Fairness_in_Small_Business_Contracting_Legislation.pdf)> (Office of Senator Claire McCaskill (D-MO), 9/22/2011)