



THE UMBRELLA INITIATIVE

A partnership between government and entrepreneurs in the private sector

The Umbrella Initiative is a partnership concept, which addresses the government procurement crisis involving 'procurement set-asides.' It was conceived by the *Fairness in Procurement Alliance* (FPA) and its Think Tank at the *University of North Florida* (UNF) with assistance from the advocacy and the academic communities.

This procurement initiative would establish the infrastructure for an organization of small businesses in the private sector - with government oversight and with the transparency Congress now demands - to deliver '*essential procurement services* **at the local level** to small and disadvantaged businesses ¹ qualified to receive, by statute, 23 percent of all Federal contracts.² In FY06, this translated to \$277 Billion in 'set-aside contracts.'³

This procurement initiative is unprecedented because it would create a partnership between entrepreneurs and bureaucrats to more effectively address solutions to a crisis brewing for over a decade. Additionally, this initiative would allow State and local governments *with 'procurement set-aside programs'* – which are in compliance with Federal statutes - to participate and benefit from this far reaching effort. At stake is the savings of Billions in taxpayers dollars. The savings will be accomplished by, among other things, eliminating duplicative efforts (i.e., certification and assistance); by integrating and linking current procurement services; by maximizing the roles of local networks; by enhancing the marketing and promotional efforts and by empowering small businesses from economically underserved communities to secure a fair share of public contracts at the municipal and state level as well. ⁴ With the umbrella initiative in place, 'procurement set-aside programs' at the State and local level will be better protected from the challenges they have unfairly received when they have been linked to 'race,' 'gender,' and/or to 'ethnic preferences.'

Bureaucratic procurement efforts for small and disadvantaged businesses have been complex; they have been abused and they have been inefficient. Typically, they have had single and detached goals; they do not link with other complementary efforts; they are centralized (vs local) on their approach and – most importantly – they have lacked entrepreneur motives.

- MORE

¹ As defined by the Small Business Act of 1953 and its interpretation in FAR 19.001 (48 CFR 19.001), 'small' shall also include small businesses owned and controlled by Hispanics; Blacks; Women; Veterans; Asian Americans; Native Americans; Disabled Veterans' and/or businesses certified as 8(a) or located in Hub Zones. P.L 95-507 implemented the 'set-asides' statutes.

² H.R.1873 passed the House in October 2007, increasing the ceiling to 30%, which would represent \$300 Billion.

³ http://acquisition.gov/comp/far/current/html/Subpart%2019_5.html

⁴ Public reports estimate that this figure represents at least three times the Federal set aside amount or \$900 Billion

The entrepreneurship objective of the 'umbrella initiative' is to help stop the endemic procurement abuses, which have diverted Billions in public contracts away from small and disadvantaged businesses ⁵ and have kept the numbers of small businesses on the CCR database from growing in a significant fashion.

The umbrella procurement initiative, in summary, redefines the purpose and maximizes the benefits of 'procurement set-asides' as prescribed by P.L 95-507 so more small and disadvantaged businesses can be nurtured, supported and encouraged to participate in public procurements at all levels not solely Federal.

The essential services – not yet available in a unified fashion - will be offered, initially, under a projected subsidy, however, they will eventually be made available for a fair and reasonable fee(s). The services will be coordinated through five units: (1) a Think Tank, 2) a Certification & Training Unit, 3) a Contracting and Funding Unit 4) an Advocacy & Legal Unit and 5) an Operations Unit which will offer administrative support to all the efforts.

The *Think Tank* will provide research, policy analysis and policy forums on topics of interest to both the small business community and to the government officials involved with 'procurement set-asides'. The *Certification & Training Unit* will address certification and training for the members and for the procurement community. The *'Contracting and Funding Unit'* will coordinate 'bid searching;' 'bidding processing' and 'contract insurance' for the set-aside contracts it processes to basically eliminate any and all credit issues for the participating members. The *'Advocacy and Legal Unit'* which will operate independently from the other efforts will provide advocacy and subsidized legal counsel - including litigation capabilities - to both the members and to State and Municipal government officials to help insulate 'procurement set-aside programs' against unfair and unethical attacks.



The Fairness in Procurement Alliance or FPA represents the procurement priorities of a constituency of 10 million small and disadvantaged businesses. Its mission is to bring fairness to public procurements so that small and disadvantaged businesses can both compete and prosper at the federal, state and local levels. FPA was founded in 2005 as a loose coalition of 14 minority and small business advocacy groups which came together to support a 'size protest' test case in Federal Court (SIZ- 2005-05-09-22) filed against a front for a large business. The victory resulted in a purging of the CCR database and the establishment of new regulations on reporting small business status. The Coalition stayed together and developed plans to conduct academic research, offer trainings and influence public procurement policy. FPA has been successful at identifying regulations and practices that require changes, at publishing reports on contracting abuse and at proposing initiatives and solutions addressing ending procurement abuse against small and disadvantaged businesses. FPA has been credited with conceiving the *'Free Universal Access'* (FUA) initiative; the *'Contracting Abuse Resolution Board'* (CARB) and the *'Umbrella Initiative'*. Additionally, FPA has produced reports, which have been used by the Office of Advocacy; the SBA OIG and OFPP to tackle 'contracting abusive practices'. FPA has also launched successful educational efforts aimed at creating awareness - within the procurement community - about the statutory rights of small and disadvantaged businesses (i.e., accelerated payments of invoices) and about the abuses committed under the camouflage of *'brand-name or equal procurements'* including *'end-user unjust and unethical justification.'* Currently, FPA is leading an effort - by trade organizations and small business advocates - to eliminate the influence of the 'FAR Exemptions.' These are alleged illegal regulations which have diverted \$640 Billion in Federal contracts away from small businesses over the last decade.

The University of North Florida or UNF is one of eleven public state institutions of higher learning in the Florida State University System. In August 2007, the Princeton Report named UNF as one of the top 146 top universities in the Southeast. The UNF campus is located in 1300 acres of a natural wooded reserve in Jacksonville, Florida, housing five separate colleges and serving in excess of 16,000 students. The university offers 52 undergraduate and 24 graduate programs including a long-distance learning program. The UNF units participating in this initiative are: the Florida Center for Public & International Policy; the Small Business Development Center and the Coggin College of Business. These units have had a long history of service in providing research, counseling and initiatives to public officials and entrepreneurs alike.

For additional information visit <http://www.FPAportal.org> or contact Raul Espinosa (FPA) 904.347.4726 / raul@FPAportal.org or Dr. Henry Thomas (UNF) (904) 294-7811 / hthomas@unf.edu

⁵ In 2007, the Office of Advocacy confirmed that in FY06, in excess of \$14 Billion in 'set-asides' had gone to large businesses; SBA reported that in both FY05 and FY06, the Federal Government had not met its own statutory mandate and that most Federal Agencies had failed to meet their own 'set-aside goals.' And, finally, FPA charged that government regulations, referred to as the 'FAR Exemptions' had been illegally excluding \$64 Billion in annual set-aside procurements – for over a decade - away from small and disadvantaged businesses.