FDA-approved drugs for Americans. It would lower drug costs by 50 percent overnight without costing the Government of this country one single dime.

Let me say this to America: The drug companies oppose this plan, this bill. Therefore, we all know it must be good for America.

WHY THIS LARGE CIGARETTE TAX?

(Mr. BALLENGER asked and was given permission to address the House for 1 minute.)

Mr. BALLENGER. Mr. Speaker, let me pose a mathematical problem. When the President finally finishes his budget negotiations with the Congress, he will have spent the projected budget surplus and more.

Where will he go to find the money to finance his liberal spending programs? How about a big cigarette tax? That ought to make everyone happy.

In the North Carolina Senate, when we raised the tax, guess what happened. Tax incomes shrank, as it did in other States that raised the cigarette tax.

So I ask the President, why this large cigarette tax. It will not produce more income for anybody except the Feds because it will be a new item to them. The States will lose income; and the President's friends, the trial lawyers, probably could not collect their billion-dollar settlements.

So what is up, Mr. President? Mr. President, either you find extra money elsewhere or you really risk losing your best friends, the trial lawyers.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. COOKSEY). Members are requested to address their remarks to the Chair.

SMALL BUSINESS COMPETITION PRESERVATION ACT OF 2000

Mr. SESSIONS. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 582 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 582

Resolved, That at any time after the adoption of this resolution the Speaker may, pursuant to clause 2(b) of rule XVIII, declare the House resolved into the Committee of the Whole House on the state of the Union for consideration of the bill (H.R. 4945) to amend the Small Business Act to strengthen existing protections for small business participation in the Federal procurement contracting process, and for other purposes. The first reading of the bill shall be dispensed with. Points of order against consideration of the bill for failure to comply with clause 4(a) of rule XIII are waived. General debate shall be confined to the bill and shall not exceed one hour equally divided and controlled by the chairman and ranking minority member of the Committee on Small Business. After general debate the bill shall be considered for amendment under the five-minute rule. The bill shall be considered as read. During consideration of the bill for amendment, the Chairman of the Committee of the Whole may accord priority in recognition on the basis of whether the Member offering an amendment has caused it to be printed in the portion of the Congressional Record designated for that purpose in clause 8 of rule XVIII. Amendments so printed shall be considered as read. The Chairman of the Committee of the Whole may: (1) postpone until a time during further consideration in the Committee of the Whole a request for a recorded vote on any amendment; and (2) reduce to five minutes the minimum time for electronic voting on any postponed question that follows another electronic vote without intervening business, provided that the minimum time for electronic voting on the first in any series of questions shall be 15 minutes. At the conclusion of consideration of the bill for amendment the Committee shall rise and report the bill to the House with such amendments as may have been adopted. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

The SPEAKER pro tempore. The gentleman from Texas (Mr. SESSIONS) is recognized for 1 hour.

Mr. SESSIONS. Mr. Speaker, for the purpose of debate only, I yield the customary 30 minutes to the gentleman from Ohio (Mr. HALL), my colleague and my good friend, pending which I yield myself such time as I may consume. During consideration of this resolution, all time is yielded for the purposes of debate only.

Mr. Speaker, the legislation before us today is an open rule providing for consideration of H.R. 4945, the Small Business Competition Preservation Act of 2000.

This open rule waives clause 4(a) of rule XIII against the consideration of the bill, which requires a 3-day availability of the committee report. The rule provides one hour of general debate to be equally divided among the chairman and the ranking minority member of the Committee on Small Business. The rule provides that the bill shall be open to amendment at any point.

The rule authorizes the Chair to accord priority in recognition to Members who have preprinted their amendments in the CONGRESSIONAL RECORD.

The rule allows the Chairman of the Committee of the Whole to postpone votes during consideration of the bill and to reduce to 5 minutes on a postponed question if the vote follows a 15-minute vote.

Finally, the rule provides one motion to recommit with or without instructions.

Mr. Speaker, it is often said that small business is the engine that drives the American economy. Statistics confirm this. Small businesses employ 53 percent of the private workforce and are responsible for 50 percent of the private gross domestic product.

I am proud of these facts. I am proud of small businesses and what their employees produce for America to keep us strong.

Small business is a literal powerhouse of job creation. They represent 99 percent of all employers and create 80 percent of the new jobs in America.

Small businesses are also more innovative than larger businesses. The airplane, audio tape recorder, heart valve, pacemaker, and the personal computer are among the important innovations by small firms in the 20th century.

□ 1030

Looking ahead, we have got to make sure that small businesses have the needed resources and capital to move forward so that America and Americans have the best of what small businesses produce. Looking out for the family farm, ranch or store on Main Street is something this Congress strongly supports.

With this in mind, Republicans in Congress have focused on scheduling and passing legislation to further help and aid small businesses. For example, Congress passed legislation that would help small businesses better prepare for the millennium computer bug. We remember that as the Y2K bug. Congress also passed the Paperwork Elimination Act of 1999 to minimize burdens of Federal paperwork on small businesses by employing new technology such as digital signatures. Because small businesses are in dire need for more affordable health insurance, Congress passed legislation to allow small firms to band together to purchase insurance which lowers the cost. Small businesses also stood to benefit a great deal from legislation to repeal the death tax, legislation that was passed by Congress but vetoed by President Clinton. Had this legislation been signed into law, many small businesses would be able to stay in the family when the owner dies rather than being sold to pay a debt to the IRS.

Mr. Speaker, with passage of this rule, Congress will once again consider important legislation to help small business. The underlying legislation, the Small Business Competition Preservation Act of 2000, is important to strengthen existing protections for small business participating in the Federal procurement contracting process. The Federal Government has failed in its goal to spend at least 20 percent of their procurement dollars with small businesses, in part because of the Federal agencies' practice of bundling individual contracts into packages that are too large for small businesses to handle. Federal agencies contend that contract bundling saves taxpayers money while improving the quality of products and the services provided by the government. However, none of this has been substantiated.

The database, analyses, and reporting requirements in H.R. 4945 will ensure that adequate data exists concerning the benefits of contract bundling, thus allowing Congress to make better decisions and to better assess the small business and the needs that they have. Bundling is one of the most

important issues facing small businesses today. The ultimate cost of bundling is passed on to the taxpayers in the form of lower quality goods and services and higher taxes.

Mr. Speaker, the rule before us is a fair and open rule. It allows any Member to offer an amendment at any time. This rule, which was reported out of the Committee on Rules last night by a voice vote, will enable the House to consider this fair and bipartisan legislation.

I urge my colleagues to support this rule.

Mr. Speaker, I reserve the balance of my time.

Mr. HALL of Ohio. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I thank the gentleman from Texas (Mr. SESSIONS) for yielding me this time and his work on this bill and certainly on the rule. It is an open rule. It is the kind of rule that the minority likes. It will allow consideration of the Small Business Competition Preservation Act of 2000.

As my colleague has described, this rule provides for 1 hour of general debate to be equally divided and controlled by the chairman and ranking minority member of the Committee on Small Business. The rule permits amendments under the 5-minute rule, which is the normal amending process in the House. All Members on both sides of the aisle will have the opportunity to offer germane amendments.

In recent years, the Federal Government often bundles together separate small contracts into one larger contract. This is because in some cases it might be cheaper and more efficient to let one larger contract instead of several smaller ones. However, there is some evidence that bundling is not always the best deal for taxpayers. There is also some concern that small businesses are shut out of the process when contracts are bundled.

The bill requires the Small Business Administration to collect, analyze and report information about bundling so that the administration and Congress can better evaluate this practice. Wright Patterson Air Force Base, which is located partially in my district, handles more contracts than any other Federal agency in the State of Ohio. Therefore, I am particularly concerned about the efficiency of the process and the fairness to small businesses. The Dayton Area Chamber of Commerce, which has set up an innovative electronic program that notifies small businesses which contracts are available, is also monitoring the effects of bundling contracts.

Mr. Speaker, it has long been the policy of the Federal Government to encourage small businesses because of their enormous potential to increase economic growth. This bill takes an important step towards protecting small businesses and improving government contracting operations. This is an open rule. I urge its adoption.

Mr. Speaker, I yield back the balance of my time.

Mr. SESSIONS. Mr. Speaker, I yield myself such time as I may consume.

I would like to echo the words of the gentleman from Ohio (Mr. HALL). His State not unlike my State of Texas and not unlike many States around this country depend upon small businesses who depend upon employees, good, hardworking employees to show up for work every day and produce a product that makes America stronger and better. We concur. This is bipartisan. It is an opportunity to begin the process so that we can know the facts and figures in an orderly process. We believe it is the right thing to do. I applaud my colleague for his opportunity to once again work together.

Mr. Speaker, we believe this is a fair and open rule and would ask that our colleagues support this rule.

Mr. Speaker, I yield back the balance of my time, and I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

The SPEAKER pro tempore (Mr. SESSIONS). Pursuant to House Resolution 582 and rule XVIII, the Chair declares the House in the Committee of the Whole House on the State of the Union for the consideration of the bill, H.R. 4945.

□ 1038

IN THE COMMITTEE OF THE WHOLE

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 4945) to amend the Small Business Act to strengthen existing protections for small business participation in the Federal procurement contracting process, and for other purposes, with Mr. COOKSEY in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. Pursuant to the rule, the bill is considered as having been read the first time.

Under the rule, the gentleman from Missouri (Mr. TALENT) and the gentlewoman from New York (Ms. VELAZQUEZ) each will control 30 minutes.

The Chair recognizes the gentleman from Missouri (Mr. TALENT).

Mr. TALENT. Mr. Chairman, I yield myself such time as I may consume. I want to thank the Committee on Rules for giving us an hour on a bipartisan basis under an open rule to discuss a very important subject, H.R. 4945.

The purpose of the bill, Mr. Chairman, is very simple. It is to ensure that the Small Business Administration has sufficient information concerning the impact of contract consolidation, or bundling, on small businesses. H.R. 4945 mandates that the administrator of the Small Business Administration develop a database of these consolidated, or bundled, contracts.

Mr. Chairman, contract bundling is one of the most important issues facing small business today. The Federal Government spends almost $200 billion a year procuring goods and services. Congress has mandated a goal for Federal agencies to spend at least 20 percent of those dollars with small businesses. We do that, both because we believe in small business as an avenue for opportunity and economic growth for our citizens and because we believe that competition among small businesses is presumptively to the benefit of the taxpayer both in terms of cost and quality. Yet the Federal Government fails routinely to meet that goal of 20 percent.

At present, Federal procurement policies evidently place a greater premium on presumed efficiencies and easing the workload of contracting officials than on the goals of including small business and ensuring a diverse and competitive industrial base. In this scenario, the ultimate loser is the taxpayer who faces the long-term prospect of their government buying lower-quality goods and services at higher prices. Other losers are the small business community and particularly minority small businesspeople who are always disproportionately affected when the government withdraws business from small businesses.

How does a contract bundle work, Mr. Chairman? Here is how it works. The government takes contracts which have typically in the past been bid out on a smaller basis. So, for example, a base, a military base may need food services for its mess hall so it bids those out routinely and typically to local food service providers which are typically small businesses and they win the contract and then go in and provide the food service. A bundled contract is a contract that puts a bunch of those bids together, if you will, in a bundle; and it could do it on a geographic basis so it may require that you be able to provide the service to a whole region of the United States, or it may do it on a functional basis, so that, for example, for a construction contract that bids out not only electrical services but it bids out electrical and carpentry services and plumbing services, and in either case, Mr. Chairman, the colleagues can see how this would eliminate radically small businesses from participating, because they cannot deliver the services on a regional basis and they are often organized along specialized lines, so they cannot deliver all the different construction trade requirements. And so only big businesses can bid.

Typically the government will say, this will lower cost, it will improve quality. We have found in our hearings over and over again that quality suffers as one would expect when you eliminate competition from small businesses. Even costs are not saved because when you force out small businesses from a market and then you have to rebid these bundled contracts after a year or two, there is much less competition and the costs go way up.

Here is what we want to do. We want to at least get a handle on how big the problem is. Under this bill the SBA will be required to assess whether these contracts have achieved the savings or improvements in quality that the procuring agency anticipated when it initially consolidated the contract. We want to know whether these bundled contracts have the savings that the agencies always claim for them, because they say they get great savings and improved quality. Then when we go back and try to investigate it, they cannot provide the information. H.R. 4945 will also provide information so the SBA can effectively negotiate with Federal agencies and determine whether they should adjust their procurement strategies in order to meet the small business participation goals established in the Small Business Act, and then all this information will be reported to the House and Senate small business committees so we can do our job effectively of overseeing these requirements that we have placed into the law.

Mr. Chairman, I do not want to take time away from other Members. Let me just give a couple of examples so Members can understand what I am talking about. These are real-life bundles. I expect that Members have been approached by small business constituents back home over the last several years complaining about this. Let me give Members an example. Right now military bases when they bid out their travel agency services typically bid out the business end of the travel services, so somebody traveling on business, that is bid out and bid on by particular travel agencies and then they separately bid out the holiday or the leisure travel, the holiday or the leisure business, and those two things are bid separately. The proposal is now to bundle those, so they will bundle together holiday business and business travel. Typically small businesses, therefore, will not be able to bid on the contract because they are usually organized either to handle holiday, personal, leisure travel or business travel, and the two ends of the business are very different. So the department is proposing to bundle all these contracts together.

One excuse they often give for bundling is that that way they will ape the market, they will do what private companies do. Mr. Chairman, private companies do not bundle together business travel and holiday travel. They do it separately. That is why travel agencies are typically organized along those lines because the two lines of business are very different. The effect of it would be to withdraw the $20 to $25 billion worth of government travel business from competition from small business, which would increase the costs and decrease the quality available to our servicemen and women.

One other example I will give. Right now in the Marine Corps when they have a need for food service on a base or in a commissary, they bid it out to local food service businesses. The proposal is to regionalize that so that you have to be able to bid on all the business in a region which will mean only the big businesses will be able to bid. Here is how the food will then be provided in the future. They will cook it up in central kitchens, they will chill it, and then they will bring it on base and heat it up. So now in the name of efficiency, and we have no idea whether it will actually save any money in the long run, we are going to be serving our servicemen and women, in effect, airline food rather than bidding this thing out the way it has traditionally been done so that small food service preparation businesses can bid on it.

I could go on and on. I mean that, Mr. Chairman. As the chairman of the Committee on Small Business, I have encountered this over and over and over again. We have worked with the agencies to try and do something about it. The ranking member and I have worked together on this. We are united as a committee on this. Members will see this today in the debate. We are absolutely committed to stopping this practice or at least requiring that it be justified. That is the purpose for this bill.

Let me just say the bill is supported by all the small business groups, NFIB, the Chamber, and it is supported by minority small business groups like the Black Chamber and the National Small and Disadvantaged Business Association. Right now we have no certain definition of what bundling is, we have no information about the number of bundles, we have no information about whether they are a success even on their own terms within the agencies.

□ 1045

Mr. Chairman, that needs to stop for the sake of small business opportunity, for the sake of our entrepreneurs for the sake of advancing participation by minorities and the economy and for the sake of the taxpayers, and that is why this bill is offered. That is why I have unburdened myself so much on the subject of it.

Mr. Chairman, I reserve the balance of my time.´

Ms. VELAZQUEZ. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I rise today in support of H.R. 4945, the Small Business Competition Preservation Act of 2000. Mr. Chairman, we continue to talk about what a strong economy we have and how our Nation's small businesses are largely responsible for this. In fact, it has become almost cliche to say that small businesses are the backbone of our Nation's economy. Everywhere we turn we see them as the innovators and cutting edge leaders of every industry from construction to technology, everywhere except the Federal Government.

Indeed, we are seeing an alarming downward trend in the number of Federal prime contracts awarded to small businesses. For example, from 1997 to 1999, the number of contracts offered to small business by the Department of Defense dropped by over 34 percent. In response to concerns from small business, the Democrats commissioned a study on the poor state of contracting for small businesses.

The result was even worse than we feared. Our results showed the Federal Government failing small businesses in every conceivable way, with the worst offender being the Department of Defense. The number of contracts awarded to minority-owned firms has decreased by over 25 percent, and most dramatically the number of contracts awarded to women-owned businesses has decreased by over 38 percent.

The reality is, that the Federal Government thinks it can put these big contracts together to reduce costs and increase quality. Well, Mr. Chairman, the committee has had a number of hearings on this issue. There is not one documented case in which a contract bundle has actually saved money and increased quality, not one.

This legislation begins the process of making common sense changes to the caring of contract bundling statute while requiring the SBA to file a report with Congress which will provide much more information on the scope of the bundling issue.

In addition to requiring further information on contract bundling, this bill requires the Small Business Administration to develop a database. This database will provide us the missing link of information to assist us in tracking critical information on bundled contracts. We will now be able to learn what happens to firms who are displaced by bundling, do these firms become subcontractors? Do they go out of business?

One of the most egregious examples of contract bundling is the Air Force FAST contract. This bill will help to provide reliable data on contracts such as this. In a hearing before the Committee on Small Business in November of last year, the Department of Defense agreed to commission a study of contract bundling. Within 3 months, it became evident that the Department has no data to conduct an accurate and comprehensive bundling study. With the passage of this bill today, agencies can no longer plead ignorance on the issue of contract bundling.

We are all aware that Federal agencies are operating in a do-more-with less environment, and operating an efficient Federal system. However, we must also ensure that the Federal marketplace is inclusive of our country's small businesses. We must take steps right here and right now to ensure that our small businesses are not streamlined out of the process.

I am not opposed to the Federal Government streamlining its processes as long as small businesses are not left behind in the wake, and as long as the quality of services remains at least

equal to what was provided prior to the bundle. And make no mistake, because I want this to be clearly understood, the passage of this bill serves as both a message and a warning to those who believe contract bundling is a good idea.

We are watching you closely.

Let me conclude by commending the gentleman from Missouri (Chairman TALENT) for introducing this bill and providing further protection for our Nation's small businesses.

Mr. Chairman, I yield 3 minutes to the gentleman from Illinois (Mr. DAVIS).

Mr. DAVIS of Illinois. Mr. Chairman, first of all, I want to thank the gentleman from Missouri (Chairman TALENT) and the gentlewoman from New York (Ms. VELAZQUEZ), the ranking member, for this very important legislation, as well as for their overall effectiveness and the bipartisan manner in which this committee has operated during the last session.

Mr. Chairman, last year the Small Business Committee conducted hearings on Federal Government procurement policies. In that hearing we found what many of us already knew, that small and minority-owned businesses have serious difficulty contracting with the Federal Government. As a result, the Small Business Committee with the leadership of the gentlewoman from New York (Ms. VELAZQUEZ), our ranking member, and the gentleman from Missouri (Chairman TALENT) conducted a study to reveal which agencies were implementing and reaching their federally mandated goals.

This study known as the scorecard revealed that because of contract bundling, many agencies conducted little, if any, business with small and minority-owned businesses. Mr. Chairman, contract bundling is disheartening and devastating to small businesses while and at the same time showing no measurable savings to the American taxpayer.

These are now exciting times for small businesses. On the private side of business, we are witnessing a revolution, a complete transformation of how businesses operate. Today our Nation's 22 million businesses are using innovative ways to hire, train and create better products and make extraordinary profits.

The easy good ole boy network of doing business is becoming outdated, outmoded, and obsolete in the private sector; therefore, it should be obsolete in our government. Therefore, for us to see Departments like Energy, Education and Labor to be named the worst Federal agencies in small business procurement, and our Nation's Department of Defense to have virtually no 8A goal for minority and small businesses is an embarrassment.

It is time to change. It is time to innovate. No longer should these Departments be allowed to posture and pose as friends of small businesses when their actions show something totally different. It is time for us to work together to preserve and expand our small businesses.

H.R. 4945 takes the first step, and I urge my colleagues to join with me in passing this greatly needed legislation.

Ms. VELAZQUEZ. Mr. Chairman, I yield 3 minutes to the gentleman from New Jersey (Mr. PASCRELL).

Mr. PASCRELL. Mr. Chairman, I thank the gentlewoman from New York (Ms. VELAZQUEZ) for yielding me the time.

Mr. Chairman, I am pleased to rise today in support of the passage of H.R. 4945. This important bipartisan legislation introduced by the gentleman from Missouri (Chairman TALENT) and the gentlewoman from New York (Ms. VELAZQUEZ), our ranking members, seeks to correct the way many Federal agencies set their contracting criteria that excludes small businesses.

If I may, Mr. Chairman, I want to commend both the gentleman from Missouri (Chairman TALENT) and the gentlewoman from New York (Ms. VELAZQUEZ), the ranking member, for making bipartisanship a reality not just empty words. That is important in this House.

The Small Business Committee has conducted several hearings on the issue of contract bundling. Bundling is defined simply as the combining of several smaller contracts into one large contract, which is awarded to and performed by a large government contractor.

In recent years, Federal Government contracting with small businesses has been falling far short of expectations. Most Federal agencies have not been held accountable for contract bundling. They are just doing whatever they please. This report, which the gentleman from Illinois (Mr. DAVIS) just referred to, speaks for itself. It grades every agency in the Federal Government as to whether it is responsive to small businesses or not. Most are not. The best we could come up with is a C minus report card. That is not acceptable to any of us.

In July of last year, this report card was very clearly presented. Agencies are giving multiple contracts to one large contractor at the expense of millions of small businesses. This report also showed that the number of contracts being awarded to small businesses has decreased over the last 3 years by 23 percent.

Minority- and women-owned businesses have suffered greatly, with nearly every Federal agency failing to meet the negotiated small business goals. We all know and recognize that small businesses are the backbone of the Nation. Every speaker refers to it today.

H.R. 4945 responds to the lack of empirical data available on the impact of contract bundling we heard the gentlewoman from New York (Ms. VELAZQUEZ), the ranking member, talk about. We cannot even get statistics because data is not held by each of these agencies, and obviously for the very specific reason, they do not want us to know. Those of us who have been elected, those of us who are really on the front lines, they do not want us to know how they let those contracts out there.

But now this legislation will call them up. It puts everything on top of the table where it should be. This is taxpayers' dollars that are being spent here. We are trying to protect those dollars, and we are trying to also preserve the bulk of business in this country which is small business.

While this bill helps to correct the problems associated with contract bundling, there is more that must be done to help these firms succeed in the Federal procurement arena. It is appropriate, Mr. Chairman, for Congress to require better accountability from Federal agencies on procurement goals, that is why I support H.R. 4945 as a member of the committee, but also as a good American and a good congressman, I hope.

Ms. VELAZQUEZ. Mr. Chairman, I reserve the balance of my time.

Mr. TALENT. Mr. Chairman, I yield myself 30 seconds to say that I appreciate the words of the gentleman from New Jersey (Mr. PASCRELL). The gentleman is a good American and a good congressman. He is not overstating the case. We want Members of Congress to know what the trends that are going on here. This is as much a question of whether the will of this body is to prevail in light of the mandates we have put in the statutes or whether these agencies are going to continue going to do what they want to do regardless of the will of Congress.

Mr. Chairman, I yield 3 minutes to the gentleman from Pennsylvania (Mr. ENGLISH), my friend, to speak on this subject.

Mr. ENGLISH. Mr. Chairman, I would also like to salute the gentleman from Missouri (Chairman TALENT) and the gentlewoman from New York (Ms. VELAZQUEZ), the ranking member, of the Small Business Committee for bringing forward this legislation now and on a bipartisan basis.

Mr. Chairman, America's 23 million small businesses employ more than 50 percent of the private workforce and they generate more than half of the Nation's gross domestic product. They are the principal source of new jobs in the U.S. economy and the primary source of dynamism in the U.S. economy. But no matter how they shape our economy, small businesses in general, and notably women-owned businesses, still face an uphill battle when it comes to obtaining Federal contracts, that is why I rise in strong support of this legislation, the Small Business Competition Preservation Act of 2000.

Mr. Chairman, small businesses have an inherent disadvantage of scale because of their size and resources.

□ 1100

It is difficult for them to compete in a procurement landscape dominated by

big business. Congress has, as the gentleman noted, enacted goals for Federal agencies that give small businesses a fighting chance in a playing field slanted toward the big boys. One goal calls for small business to be awarded just 20 percent of Federal contracts; but, Mr. Chairman, not a single Federal agency, not one, has met that goal.

Federal agencies, and particularly the Department of Defense, have ignored these goals and instead instituted procurement policies more focused on alleged efficiencies in the procurement system. By consolidating numerous jobs into one contract, Federal agencies erect a barrier to participation by small business. Small businesses have limited resources to draw on and work at a disadvantage when it comes to bidding on a bundled Federal contract.

I have heard from many small business and women-owned business owners who have expressed their concerns and shared their stories of the quality services that they could offer the Federal Government but are unable to do so because a Federal agency chooses a bundling process with contracts instead of a series of small contracts. After all, how can a small business grow and expand if the Federal Government consistently penalizes them for their size by only offering bundled contracts, which are often too large for a single small business to handle?

That slants the playing field toward big business, making it impossible for smaller players to compete.

I hope my colleagues will join me in support of H.R. 4945. After all, the Federal Government should be fostering the dreams that this Nation was built on, which is what this legislation is intended to do.

Ms. VELAZQUEZ. Mr. Chairman, I yield 3 minutes to the gentlewoman from the Virgin Islands (Mrs. CHRISTENSEN).

Mrs. CHRISTENSEN. Mr. Chairman, I rise today to join my colleagues on both sides of the aisle in support of H.R. 4945, the Small Business Competitive Preservation Act. During the past two congressional terms, my colleagues and I from the Committee on Small Business, under the distinguished and very effective leadership of the gentleman from Missouri (Mr. TALENT) and the gentlewoman from New York (Ms. VELAZQUEZ), the ranking member, have devoted many hours to conducting hearings on contract bundling and the negative impact that this practice has had on small business.

From these hearings, we have clearly seen that there is no direct evidence which shows that bundling has saved the government money or that a higher quality of product was delivered by larger companies.

Just before our summer recess, our ranking member, the gentlewoman from New York (Ms. VELAZQUEZ), and the Democratic members of the Committee on Small Business released a contracting study, which we have heard about, known as a ''score card,'' which showed that a number of Federal agencies, in particular the Department of Defense, rely on contract bundling. This study further showed that minority- and women-owned businesses have felt the hardest impact from contract bundling and that nearly every Federal agency failed to meet the negotiated small business goals for fiscal year 1999.

Perhaps the most revealing evidence that has been produced from the hearings on contract bundling is that there is no hard data on the impact of this practice. There is no way to track exactly what is happening or to hold anyone accountable; most importantly, no way to develop a remedy.

Mr. Chairman, we have had enough hearings. Now it is time to act, and we are doing so in H.R. 4945. H.R. 4945 imposes the establishment of a record-keeping mechanism that would allow the Small Business Administration to keep track, among other things, of whether the measurably substantial benefits alleged by the Federal agencies in support of contract bundling are actually achieved. It requires specific reporting to Congress and it further closes loopholes which have allowed this procedure to continue to grow and to bypass mandates of law.

Mr. Chairman, small businesses and minority-owned businesses have suffered tremendously under bundling. I urge my colleagues to preserve the integrity of the Federal Government and the survival of small businesses by voting in support of H.R. 4945.

Mr. TALENT. Mr. Chairman, I yield 3 minutes to the gentlewoman from New York (Mrs. KELLY).

Mrs. KELLY. Mr. Chairman, I rise in support of H.R. 4945, the Small Business Competition Preservation Act of 2000. Small businesses are a key factor in the growth of the American economy, and women-owned businesses are a vital element. Nevertheless, there remains one sector of the American economy in which small businesses in general and women-owned businesses face difficulty entering: the provision of goods and services to the Federal Government. Congress has enacted goals for small business participation of 20 percent and for women-owned businesses 5 percent. Not one Federal agency has met either of these goals.

Despite the goals, Federal agencies and, in particular the Department of Defense, have instituted procurement policies that are more focused on alleged efficiencies in the procurement system than in meeting the statutory goals. By putting together and bundling a number of requirements into one contract, the Federal agencies erect a barrier to participation by small businesses.

I have cosponsored H.R. 4945 because I believe it is a necessary step in eliminating unnecessary contract bundling. I sat in committee hearings listening to both Federal bureaucrats and small businesses disagree over the impact of the same contract. Obviously, each side has their own slant on whether the contract will benefit or detract from small businesses; but, of course, intuitively it makes sense that the larger the requirements for a contract the less likely that a small business will have the resources to win that contract.

H.R. 4945 provides Congress and the Federal Government with the necessary data to properly assess contract bundling. H.R. 4945 requires the SBA to maintain a database of bundled contracts, determine how many small businesses are displaced as prime contractors and analyze bundled contracts to determine whether real savings or other benefits have accrued to the Federal Government.

It seems very sensible to me. Even though the Small Business Reauthorization Act of 1997 requires procuring agencies to perform such studies, we all know that the agencies can clearly bias their analytical information to support the result they wish it to be, in a regulation or specific contracting action.

In the same way that the Truth in Regulating Act gives the Government Accounting Office the authority to provide Congress with information about regulations, H.R. 4945 authorizes the Small Business Administration to provide unbiased information to Congress on the effects of contract bundling on small businesses.

Once we have this data, Congress will then be able to sensibly consider what changes are needed to Federal Government procurement statutes to ensure that small businesses, especially women-owned businesses, are not excluded from providing goods and services to the Federal Government. I urge the Members to support H.R. 4945 and bring to light the Federal Government's procurement practices that hinder small business participation, reduce competition and ultimately cost the American taxpayer.

Ms. VELAZQUEZ. Mr. Chairman, I yield 3 minutes to the gentlewoman from California (Ms. MILLENDER-MCDONALD).

Ms. MILLENDER-MCDONALD. Mr. Chairman, I would like to thank the chairman and the ranking member for their leadership and for bringing this much-needed legislation to this body.

Mr. Chairman, as the ranking member of the Subcommittee on Empowerment of the Committee on Small Business, I rise in strong support of the Small Business Competition Preservation Act. America's hard-working small business owners, entrepreneurs and employees are the bedrock of our Nation's unprecedented economic growth. Small businesses represent over 99 percent of all employers and employ 52 percent of the private workers; 61 percent of the private workers on public assistance; and employ 38 percent of the private workers in high-tech companies. They provide 51 percent of the private sector output and

represent 96 percent of all exporters of goods. These hard-working businessmen and women need us to pass the Small Business Competition Preservation Act to assess the effectiveness of contract bundling, which has dominated the Federal procurement market for years.

This legislation would require the administrator of the SBA to determine whether bundling contracts actually achieves the savings that Federal agencies assume. The bill will also require the administrator to maintain a database that would track the number of small businesses who are displaced as prime contractors as a result of contract bundling.

Currently, there is no data available which shows contract bundling is effectively cutting costs. However, our Federal agencies have insisted on bundling most of its procurement contracts. This has shut out too many qualified small businesses, especially women- and minority-owned businesses, which are growing at the fastest rates. The number of African American-owned businesses soared by 46 percent from 1987 to 1992. Hispanic-owned businesses are among the fastest growing segments of the U.S. business population, with 82.9 percent rate of growth during the same period. Businesses owned by Asian Americans, American Indians and other minorities increased by 87.2 percent during this same period.

This same success has been achieved by women-owned businesses. In 1992, there were just over 400,000 women-owned businesses. Today, they total 8.5 million and represent one-third of all U.S. companies. Women-owned businesses generate $3.1 trillion in revenue, an increase of 209 percent between 1987 and 1997 after adjusting for inflation. This resounding rate of growth has outpaced all other business growth in each of the 50 States.

I urge my colleagues, Mr. Chairman, to join the gentleman from Missouri (Mr. TALENT), the gentlewoman from New York (Ms. VELAZQUEZ), and me in voting for America's small businesses by voting for the Small Business Competition Preservation Act. We cannot give them anything less.

Ms. VELAZQUEZ. Mr. Chairman, I yield 2 minutes to the gentlewoman from Ohio (Mrs. JONES).

Mrs. JONES of Ohio. Mr. Chairman, I would like to thank the chairman of the Committee on Small Business, the gentleman from Missouri (Mr. TALENT), and my ranking member, the gentlewoman from New York (Ms. VELAZQUEZ), for their hard work on the Committee on Small Business.

During my first term in Congress, I have had an opportunity to work very hard with each of them in trying to preserve the small businesses in our country. I also succeeded my good colleague, the gentleman from Maryland (Mr. WYNN), who has been working very hard on behalf of the Congressional Black Caucus on this issue of bundling.

I will not be repetitive, Mr. Chairman, in my remarks. My colleagues have put on the record very important information about the impact that bundling has had on small business. The businesses from the 11th Congressional District of Ohio, which I represent, which is Cleveland and the surrounding suburbs, have come to me on more than one occasion saying, this bundling is keeping us from having an opportunity to do business with the United States Government. What can you do about it? What can you do about it?

I am pleased to be supportive of my colleagues on this issue. I kind of think of it sometimes as an impact of a business in my own community, where they say I have been making this ice cream for 100 years in my community but the larger companies keep making ice cream. My ice cream is as good. It tastes as good, but I cannot competitively offer the same price. Give me a chance to get to the table. Give me a smaller contract where I can do business with my people, so the people in my community can eat, send their kids to school, live in a nice house. So what we are just saying is we need the opportunity.

What this bill will do will prove what we are saying. It will show that small businesses in our country have been displaced and basically put out of business as a result of not having access to government contracts. The bundling has killed their opportunity to be competitive, and we want them to be competitive once again.

So I am going to stop at this point and just say that I am glad to be a part of a committee, the Committee on Small Business, that gets to issues, passes partisanship, and gets to issues that are important to the small businesses of our community.

Mr. TALENT. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, we do not have any more speakers over here. I notice the gentlewoman has some; and if she needs some extra time, I am more than happy to yield. I appreciated very much the comments of the last two speakers, the gentlewoman from Ohio (Mrs. JONES), and the gentlewoman from California (Ms. MILLENDER-MCDONALD). I appreciate their contribution to the committee on this and other issues.

The gentlewoman from California (Ms. MILLENDER-MCDONALD) made the point very strongly about the impact of this bundling on minority participation in particular, and she is absolutely correct. The small business growth in the minority community and among women is tremendous and we have not seen that reflected among the agencies, and bundling is one of the reasons. It has a disproportionate impact on these kinds of entrepreneurs; and this is ironic, given the fact that periodically we see somebody in one of the agencies with some huge photo op about how they are trying to help minority small businesspeople and then they will bundle contracts which automatically yanks away a lot of business from them.

One of the ways they do this, Mr. Chairman, is through something they called IDIQ contracts, which is indefinite delivery, indefinite quantity contracts. So they will take a particular line of business which they have been contracting out, maybe ordering paper for the copier, and they have been contracting that out as just straight contracts. Small businesses have been participating in bidding; and usually when they bid, they win because they are more efficient and they provide better quality. So then what they will do is they will say, oh, no, what we need is you have to be able to provide as much paper as we want on a moment's notice. It is an indefinite delivery and indefinite quantity.

□ 1115

Well, this, of course, makes it more difficult for small business people. They do not maintain the kinds of staff and the kind of reserves that bigger businesses do, and then they will expand that and they will say, now it has to be all office supplies you have to be able to provide.

Then, when the small businesses complain and they come to us, as they came to the gentlewoman from Ohio and she complains, and the committee complains, the Committee on Small Business complains and the Small Business Administration complains, if we do it long enough and strong enough, eventually they will say okay, well, here, we will set aside a contract, an IDIQ contract for a minority businessperson, so yes, we have them on the schedule now and then they never order anything from them, or they do not get any business that way, either.

As we can see, Mr. Chairman, and as the House can see, we are tired of it. We have been living with this on the committee for several years and it is time for the agencies and the government to pay attention to it.

I will give another example, Mr. Chairman. The GSA, for years, contracted out elevator repair in Federal buildings on a building-by-building basis and then they bundled it into eight regional contracts. So while before it used to be on a building basis or a city-wide basis so that small elevator repair firms could do it and now they cannot, and it makes it virtually impossible for small businesses to compete logistically or financially. And then, again and again, the justification is it helps the taxpayer or we get better quality, and then when we investigate to try and find out how it helps the taxpayer or to get better quality, they cannot even justify it on their own terms. This bill is designed to make sure that they do at least that.

So I want to thank the gentlewoman from New York for her leadership on this issue, as well as her assistance on this bill.

Mr. Chairman, I reserve the balance of my time.

Ms. VELAZQUEZ. Mr. Chairman, I yield 5 minutes to the gentleman from Maryland (Mr. WYNN).

Mr. WYNN. Mr. Chairman, let me begin by thanking first the gentleman from Missouri (Mr. TALENT), the chairman of the Committee on Small Business for his keen insight, hard work and dedication on this issue. He has worked very hard and I am most impressed, and I thank him for his leadership. I also thank the gentlewoman from New York (Ms. VELAZQUEZ), the ranking member, for her tenacity and determination for bringing this bill to the floor, the result of which is a bipartisan piece of legislation that will help the small business community in America.

Mr. Chairman, I rise in strong support of this legislation. As we have heard, small businesses are the engine of growth in America. Small businesses are a source of important competition in America, and small businesses are a source of diversity in America, as women-owned businesses, African American-owned businesses, Hispanic-owned businesses and Asian-owned businesses and others are coming to the American workplace offering their goods and services to the United States Government. The sad fact, however, is that bundling has begun to displace these businesses, has squeezed many of these businesses out, and I believe that is wrong, unfair, and not good for this country.

In 1995, the White House held a conference on small business and one of the major recommendations from that conference was that we limit and restrict bundling because it was displacing small business.

Now, the response from the other side is that we need this bundling because it is more efficient. The problem is, they have never been able to prove that. What has happened, however, is that big companies have gotten these contracts to the disadvantage of small businesses.

Let me tell my colleagues what happens, and it is really an unfortunate situation. A contract where we may have had 10 or 12 competitors competing to offer the government the best price are now squeezed out because that contract is now consolidated into one huge contract. So the big company with very little or no competition gets this huge regional contract and then, with no competition from the little guys, does not necessarily give the Government the best price. What they do, however, is skim off the profit margin from that contract and then subcontract back out the contract to small businesses, leaving them with no profitability. That is one of the perhaps lesser known problems with the contract bundling.

Unfortunately, bundling is proliferating. There are currently four major contracts within DOD alone projected to surpass $25 billion. The Navy Internet contract, the Air Force FAST contract, the Marine food service contract, and the Navy janitorial contract in San Diego. In each instance, analysis shows these contracts can be performed by small businesses, and that there is no national security threat that would justify bidding these contracts on a bundled basis.

What has been the result of this pattern? Well, although DOD procurement has increased from $109 billion to $116 billion from 1998 to 1999, we have had a decrease of 34 percent in the number of small business prime contractors, a decrease of 25 percent in the number of minority-owned firms, and a decrease of 38 percent in the number of women-owned businesses.

To be brief, we are losing our small businesses, they are being squeezed out, displaced, or they are having their profitability denied because of the practice of contract bundling, and we need to stop it. We need to demand that if the taxpayers are going to be served by bundling, that the people doing the bundling document and prove it. That is what this bill requires, and that is why I think it is so important.

One final note. It is important that small businesses not be just subcontractors, that they be prime contractors, because one of the requirements of bids is that one has experience as a prime contract, so not only does bundling deny small businesses, it precludes their growing into larger, more profitable companies. We have an excellent bill here, it is a bipartisan bill, it will enable us to find out whether bundling is good for America or bad for America, and it will give, ultimately, small businesses a fair chance.

Mr. Chairman, I urge passage of the bill, and I thank both the chairman and the ranking member for their leadership.

Mr. TALENT. Mr. Chairman, I yield myself such time as I may consume.

Before the gentleman from Maryland leaves, if he would just engage in a little colloquy with me on my time, because he raised a point in closing, and I know he did not have enough time to elaborate, but it is an excellent point, so on my time if the gentleman would elaborate with me a little bit.

He made the point about how important it is that small business people be prime contractors as well as subcontractors, and the gentleman is right. I wonder if he has had this experience that I have had.

Small businesses come to me and say, well, okay, they will say, it is okay because you are a subcontractor, and I have had a lot of minority small businesses in particular tell me this, so that we get listed as a subcontractor by the prime contractor, and then when it comes time for the prime contractor to do the contract, they never give us any business, so they are not a prime contractor or a subcontractor.

Mr. Chairman, I would ask the gentleman if he has had that experience.

Mr. WYNN. Mr. Chairman, will the gentleman yield?

Mr. TALENT. I yield to the gentleman from Maryland.

Mr. WYNN. Mr. Chairman, I absolutely have had that experience, and I thank the chairman for raising that point. As a matter of fact, I introduced legislation, I do not think it is going anywhere this session, which would say that if an agency lists a subcontractor, they have to use that subcontractor or justify in some legitimate way, for some legitimate reason, not using that contractor; otherwise, it is essentially fraud, it is a fraud on the public, it is a disservice to the contractor. So I think the chairman's point is certainly very well taken.

Mr. TALENT. Mr. Chairman, I thank the gentleman, and I will reclaim my time and just say, if that bill gets assigned to my committee, it is going to go some place, I will tell my colleague that.

The problem here, and the House needs to know this, is that these bills sometimes get sequential referrals and get caught up in the process. In this case we have jurisdiction, so we were able to get this one out.

I really want to thank the gentleman for his work and efforts in this area, and his expertise as well.

Mr. Chairman, I reserve the balance of my time.

Ms. VELAZQUEZ. Mr. Chairman, I yield 2 minutes to the gentleman from Texas (Mr. ORTIZ).

(Mr. ORTIZ asked and was given permission to revise and extend his remarks.)

Mr. ORTIZ. Mr. Chairman, I rise in support of the Small Business Preservation Competition Act, and thank the gentlewoman from New York (Ms. VELAZQUEZ) for her leadership on this issue that affects so many businesses across the country, particularly in rural areas such as the one I represent in south Texas.

Every time I go home, I see a small businessman or businesswoman in my travels around town. They tell me about how the contracts that were once part of the healthy competition in the area are finding more and more that they are edged out of business by the mega corporations that can afford to combine a function and underbid for a multitude of services.

Many times, to compete for contracts that are over hundreds of millions of dollars, small businesses just do not have the financial resources. Now, they have the experience, they have the skills, but it is the financing resources or bonding capacity to compete for these contracts. We have to realize, Mr. Chairman, that the small business community happens to be the backbone of our economy. It is small businesses that are bigger than General Motors, but slowly and surely, we are leaving them out of the process.

As a member of the Committee on Armed Services and the ranking member on the Subcommittee on Military Readiness, I have seen this happen all the time. I am concerned about one of the issues that is happening in my district about trying to regionalize and

getting several bases together. Sometimes we are wondering whether they are doing this because if a small businessperson comes with a contract of $700,000 and then there is another contract more or less similar at the other base, they combine them, and the small businessperson cannot compete for that project.

This is why this is so, so important.

Mr. Chairman, I appreciate the fact that many of my colleagues are convinced that contracting out services of the Federal Government would save money. As a member of the Committee on Armed Services, in many instances, I have seen that this is just the opposite. We need to be able to give the small business people the opportunity for them to compete, and I favor this piece of legislation.

Ms. VELAZQUEZ. Mr. Chairman, I yield myself such time as I may consume.

I would like to close by again encouraging full support for this very important piece of legislation, H.R. 4945.

Mr. Chairman, this legislation, the Small Business Competition Preservation Act of 2000, is an excellent starting point for making common sense changes to the contract bundling statute. During this Congress and the last, we have heard a lot of talk about accountability. We have asked accountability for everyone from welfare recipients to teachers. It is time also for Federal agencies to be accountable for their actions, and that is what this bill is really about.

As the Committee on Small Business has so often heard, data is just not currently being collected on these mega contracts barring from gauging the true impact bundling is having on small businesses who want to do business with our government.

Mr. Chairman, H.R. 4945 will set up a database to track not only all bundled contracts, but also the small businesses displaced by consolidations. It also requires analysis and directs the SBA to file a report with Congress aimed at providing greater information about the scope of contract consolidations within the Federal marketplace.

Mr. Chairman, this legislation focuses on the need for greater equity in Federal procurement for our Nation's small businesses and the adverse effect of increased contract size. Federal agencies are relying on combining contracts in an effort to streamline government and increase its efficiency.

While these are laudable goals, in not one instance has a Federal agency come before the committee and pointed to an instance where taxpayer dollars were saved and the government received better quality from a large business. They are not proving cost savings and small businesses are being shut out of the Federal marketplace. This bill gives us the ability to collect the one commodity that will help us make real changes. That commodity is information. That information can then be turned into common sense solutions to solve the problem of bundling.

Mr. Chairman, I strongly encourage the passage of H.R. 4945.

Mr. Chairman, I yield back the balance of my time.

Mr. TALENT. Mr. Chairman, I yield myself such time as I may consume.

In closing, I thank the gentlewoman for her comments and her leadership on this issue.

Mr. Chairman, one of the responsibilities of the Committee on Small Business is to inform the Members of the House when its will regarding opportunity for small business is not being carried out within the Federal agencies; specifically, as we have heard today, most predominantly within the Department of Defense. I appreciated very much the comments of the gentleman from Texas (Mr. ORTIZ), who sits on the Committee on Armed Services with me and sees this constant flouting of our will regarding small business over and over again from that perspective as well. This is not just partisanship for small business. I think that would be appropriate, Mr. Chairman. Not only is small business the backbone of the economy, as Members have said so eloquently today, but it is increasingly the backbone of opportunity.

□ 1130

It may be the only source of opportunity for so many people in our country: for single moms, who will not have an opportunity to get a postgraduate education; or for people reentering the workforce after raising kids; or people coming from distressed neighborhoods or disadvantaged backgrounds. They do not have the same kind of opportunities that other people may have, but they can start a small business. And we have had evidences of that and testimonies of that over and over again before the Committee on Small Business.

We think the government ought to favor small business. Certainly it ought not to disadvantage them. And that is what is at stake here. This is a question of fairness for our entrepreneurs around the country. We have given numerous examples. We could give more of them, but I do not think it is necessary.

This bill simply allows us to find out what is going on. It has a unitary definition of bundling. It establishes a database, instructs the Committee on Small Business to operate that database and tell us what is going on, and then analyze whether any of these contracts actually save money, as they say it will, or produce higher quality, as they say it will. We have not found any evidence of that, and we have looked pretty hard for the last year and a half.

So it is up to the Members to decide what they want to do. I am going to get a rollcall vote on this issue, Mr. Chairman. I hope Members do not mind. As the gentlewoman from New York said, one of the reasons for this bill is to send a message, if the House wants to send it, regarding contracting and procurement for small businesses. We just have to decide. Do we want to vote for opportunity for small business people, or convenience or the latest trend in procurement within the Federal bureaucracy? Do we want to vote for continued excuses and evasions when we ask the agencies to justify what they are doing, or do we want to vote to enforce and send a message about the will of this body regarding opportunities for small entrepreneurs around this country?

I know how I am going to vote, Mr. Chairman. I suspect that I know how the Members of the House are going to vote.

Mr. HINOJOSA. Mr. Chairman, I rise today to help try to right a grievous wrong that America's small businesses have suffered far too long. Time and time again, we talk about how small businesses are the backbone of America. Why then, does it seem as if small businesses are constantly fighting an uphill battle? Take for example, the issue before us today, contract bundling. What could be more unfair? I am glad that as a body, we are taking a united stand today to try and change this practice and to hold Federal agencies that fail to provide a fair and competitive market for small businesses accountable for their actions. This is long overdue.

You are going to hear numerous facts from my colleagues documenting why this practice is so abhorrent, but the point I want to make is—wrong is wrong. We should all be starting from a level playing field. The Federal Government took on this responsibility when it promised small businesses would receive a fair opportunity to compete for Federal contracts. It has fallen short of meeting this promise. However, we don't know to what degree this has occurred. We do know that relying on contract bundling devastates small businesses and shows no measurable savings to American taxpayers. We do know that the Government awarded $200 billion in Federal contracts but small businesses only received $43 billion in contract dollars. We do know that this is clearly not a level playing field.

The Small Business Competitive Preservation Act of 2000 will allow for us to provide the Small Business Administration with the tools to right the wrongs of contract bundling. It will broaden the definition of contract bundling, it will also require the SBA Administrator to maintain a contract bundling database, and it will inform the House Small Business Committee as to whether or not there are measurable and substantial benefits to contract bundling. Through the passage of this legislation, we will mend the promise broken by meaningless words. We will not only claim that small businesses are the foundation for America's continued prosperity, but we will show them that we mean it.

Mr. UDALL of Colorado. Mr. Chairman, I rise in support of H.R. 4945, the Small Business Competition Preservation Act of 2000 (SBCPA) and urge its adoption.

H.R. 4945 is a response to the lack of empirical data available on the issue of bundling. This legislation will provide a number of different methods of collecting information on the how, what, when, where and why of contract bundling. For example, SBCPA requires the Small Business Administration (SBA) to develop and maintain a database of these contracts within the federal government. This

database not only will track agency bundled contracts but it will also maintains statistical information on the tangible effects of bundling on smaller companies and in particular industries of the small business community.

SBCPA also calls for the SBA to analyze renewable bundled to contracts to determine whether they have achieved the savings and benefits used to justify consolidation in the first place. In addition, the SBA would then be required to evaluate whether those savings and benefits would continue if the contract remains bundled. Once this information is fully analyzed, the SBA Administrator would then be asked to put together an annual report.

The numbers tell the whole story. The federal government awarded almost $200 billion in federal contracts in 1999, yet small businesses suffered a significant drop in the number of available contracts. Small businesses received only 4.9 million contracts which totaled $43 billion in total contract dollars. This represents almost a 23 percent drop in a three-year period (1997–1999).

Minority and women-owned businesses have been particularly effected, with nearly every federal agency failing to meet their negotiated small business goals. In addition, some agencies have simply ignored these goals and declared them ''not legally binding.''

I believe this bill takes an important step towards protect contracting opportunities for small business in the federal marketplace. I urge my colleagues to support this bill.

Mrs. McCARTHY of New York. Mr. Chairman, I rise in support of the Small Business Preservation Competition Act. This important legislation will keep track of bundled contracts and their impact on small businesses.

A recent Contracting Study, also known as the ''Scorecard'', released by the House Small Business Committee shows a number of federal agencies, particularly the Department of Defense, are relying on contracting bundling which is devastating small businesses while showing no measurable savings to the American taxpayer.

This study also concluded that the federal government awarded almost $200 billion in federal contracts in 1999, but small businesses suffered a significant drop in the number of available contracts. Of that, small businesses received only 4.9 million contracts which totaled $43 billion in total contract dollars. This represents almost a 23 percent drop in a three-year period (1997–1999).

And with the decreasing number of federal prime contracts available small businesses stand to be shut out of a multi-billion dollar marketplace. Unfortunately, with a lack of available data, the ability to obtain critical information about bundled contracts is severely hampered.

This bill is a response to the lack of empirical data available on the impact of contract bundling. SBPCA allows Congress to get a handle on the effects and bring agency justification for these bundling contracts into public view. In addition, the bill calls for agency accountability of the cost savings of each bundled contract.

We all know that small business provides the very foundation for America's continued prosperity. And while SBPCA helps to correct the problems associated with contract bundling, there is more that must be done to help these firms succeed in the federal procurement arena.

I urge my colleagues to support this important legislation.

Mr. TALENT. Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. All time for general debate has expired.

Pursuant to the rule, the bill is considered as having been read for amendment under the 5-minute rule.

The text of the bill is as follows:

H.R. 4945

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

(a) SHORT TITLE.—This Act may be cited as the ''Small Business Competition Preservation Act of 2000''.

SEC. 2. DATABASE, ANALYSIS, AND ANNUAL REPORT WITH RESPECT TO BUNDLED CONTRACTS.

Section 15 of the Small Business Act (15 U.S.C. 644) is amended by adding at the end the following new subsection:

''(p) DATABASE, ANALYSIS, AND ANNUAL REPORT WITH RESPECT TO BUNDLED CONTRACTS.—

''(1) BUNDLED CONTRACT DEFINED.—In this subsection, the term 'bundled contract' includes—

''(A) each contract that meets the definition set forth in section 3(o) regardless of whether the contracting agency has conducted a study of the effects of the solicitation for the contract on civilian or military personnel of the United States; and

''(B) each new procurement requirement that permits the consolidation of 2 or more procurement requirements.

''(2) DATABASE.—

''(A) IN GENERAL.—Not later than 180 days after the date of enactment of this subsection, the Administrator of the Small Business Administration shall develop and shall thereafter maintain a database containing data and information regarding—

''(i) each bundled contract awarded by a Federal agency; and

''(ii) each small business concern that has been displaced as a prime contractor as a result of the award of such a contract.

''(3) ANALYSIS.—For each bundled contract that is to be recompeted as a bundled contract, the Administrator shall determine—

''(A) the amount of savings and benefits (in accordance with subsection (e)) achieved under the bundling of contract requirements; and

''(B) whether such savings and benefits will continue to be realized if the contract remains bundled, and whether such savings and benefits would be greater if the procurement requirements were divided into separate solicitations suitable for award to small business concerns.

''(4) ANNUAL REPORT ON CONTRACT BUNDLING.—

''(A) IN GENERAL.—Not later than 1 year after the date of enactment of this paragraph, and annually in March thereafter, the Administration shall transmit a report on contract bundling to the Committees on Small Business of the House of Representatives and the Senate.

''(B) CONTENTS.—Each report transmitted under subparagraph (A) shall include—

''(i) data on the number, arranged by industrial classification, of small business concerns displaced as prime contractors as a result of the award of bundled contracts by Federal agencies; and

''(ii) a description of the activities with respect to previously bundled contracts of each Federal agency during the preceding year, including—

''(I) data on the number and total dollar amount of all contract requirements that were bundled; and

''(II) with respect to each bundled contract, data or information on—

''(aa) the justification for the bundling of contract requirements;

''(bb) the cost savings realized by bundling the contract requirements over the life of the contract;

''(cc) the extent to which maintaining the bundled status of contract requirements is projected to result in continued cost savings;

''(dd) the extent to which the bundling of contract requirements complied with the contracting agency's small business subcontracting plan, including the total dollar value awarded to small business concerns as subcontractors and the total dollar value previously awarded to small business concerns as prime contractors; and

''(ee) the impact of the bundling of contract requirements on small business concerns unable to compete as prime contractors for the consolidated requirements and on the industries of such small business concerns, including a description of any changes to the proportion of any such industry that is composed of small business concerns.''.

The CHAIRMAN. During consideration of the bill for amendment, the Chair may accord priority in recognition to a Member offering an amendment that he has printed in the designated place in the CONGRESSIONAL RECORD. Those amendments will be considered read.

The Chairman of the Committee of the Whole may postpone a demand for a recorded vote on any amendment and may reduce to a minimum of 5 minutes the time for voting on any postponed question that immediately follows another vote, provided that the time for voting on the first question shall be a minimum of 15 minutes.

Are there any amendments to the bill?

If not, under the rule, the Committee rises.

Accordingly, the Committee rose; and the Speaker pro tempore (Mr. LARGENT) having assumed the chair, Mr. COOKSEY, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 4945) to amend the Small Business Act to strengthen existing protections for small business participation in the Federal procurement contracting process, and for other purposes, pursuant to House Resolution 582, he reported the bill back to the House.

The SPEAKER pro tempore. Under the rule, the previous question is ordered.

The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER pro tempore. The question is on the passage of the bill.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. TALENT. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the

point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 422, nays 0, not voting 11, as follows:

[Roll No. 482]

YEAS—422

Abercrombie
Ackerman
Aderholt
Allen
Andrews
Archer
Armey
Baca
Bachus
Baird
Baker
Baldacci
Baldwin
Ballenger
Barcia
Barr
Barrett (NE)
Barrett (WI)
Bartlett
Barton
Bass
Becerra
Bentsen
Bereuter
Berkley
Berman
Berry
Biggert
Bilbray
Bilirakis
Bishop
Blagojevich
Bliley
Blumenauer
Blunt
Boehlert
Boehner
Bonilla
Bonior
Bono
Borski
Boswell
Boucher
Boyd
Brady (PA)
Brown (FL)
Brown (OH)
Bryant
Burr
Burton
Buyer
Callahan
Calvert
Camp
Canady
Cannon
Capps
Capuano
Cardin
Carson
Castle
Chabot
Chambliss
Chenoweth-Hage
Clay
Clayton
Clement
Clyburn
Coble
Coburn
Collins
Combest
Condit
Conyers
Cook
Cooksey
Costello
Cox
Coyne
Cramer
Crane
Crowley
Cubin
Cummings
Cunningham
Danner
Davis (FL)
Davis (IL)
Davis (VA)
Deal
DeFazio
DeGette
Delahunt
DeLauro
DeLay
DeMint
Deutsch
Dickey
Dicks
Dingell
Dixon
Doggett
Dooley
Doolittle
Doyle
Dreier
Duncan
Dunn
Edwards
Ehlers
Ehrlich
Emerson
Engel
English
Eshoo
Etheridge
Evans
Everett
Ewing
Farr
Fattah
Filner
Fletcher
Foley
Forbes
Ford
Fossella
Fowler
Frank (MA)
Franks (NJ)
Frelinghuysen
Frost
Gallegly
Ganske
Gejdenson
Gekas
Gephardt
Gibbons
Gilchrest
Gillmor
Gilman
Gonzalez
Goode
Goodlatte
Goodling
Gordon
Goss
Graham
Granger
Green (TX)
Greenwood
Gutierrez
Gutknecht
Hall (OH)
Hall (TX)
Hansen
Hastings (FL)
Hastings (WA)
Hayes
Hayworth
Hefley
Herger
Hill (IN)
Hill (MT)
Hilleary
Hilliard
Hinchey
Hinojosa
Hobson
Hoeffel
Hoekstra
Holden
Holt
Hooley
Horn
Hostettler
Houghton
Hoyer
Hulshof
Hunter
Hutchinson
Hyde
Inslee
Isakson
Istook
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Jenkins
John
Johnson (CT)
Johnson, E. B.
Johnson, Sam
Jones (NC)
Jones (OH)
Kanjorski
Kaptur
Kasich
Kelly
Kennedy
Kildee
Kilpatrick
Kind (WI)
King (NY)
Kingston
Kleczka
Knollenberg
Kolbe
Kucinich
Kuykendall
LaFalce
LaHood
Lampson
Lantos
Largent
Larson
Latham
LaTourette
Leach
Lee
Levin
Lewis (CA)
Lewis (GA)
Lewis (KY)
Linder
Lipinski
LoBiondo
Lofgren
Lowey
Lucas (KY)
Lucas (OK)
Luther
Maloney (CT)
Maloney (NY)
Manzullo
Markey
Martinez
Mascara
Matsui
McCarthy (MO)
McCarthy (NY)
McCollum
McCrery
McDermott
McGovern
McHugh
McInnis
McIntyre
McKeon
McKinney
McNulty
Meehan
Meeks (NY)
Menendez
Metcalf
Mica
Millender-McDonald
Miller (FL)
Miller, Gary
Miller, George
Minge
Mink
Moakley
Mollohan
Moore
Moran (KS)
Moran (VA)
Morella
Murtha
Myrick
Nadler
Napolitano
Neal
Ney
Northup
Norwood
Nussle
Oberstar
Obey
Olver
Ortiz
Ose
Owens
Oxley
Packard
Pallone
Pascrell
Pastor
Paul
Payne
Pease
Pelosi
Peterson (MN)
Peterson (PA)
Petri
Phelps
Pickering
Pickett
Pitts
Pombo
Pomeroy
Porter
Portman
Price (NC)
Pryce (OH)
Quinn
Radanovich
Rahall
Ramstad
Rangel
Regula
Reyes
Reynolds
Riley
Rivers
Rodriguez
Roemer
Rogan
Rogers
Rohrabacher
Ros-Lehtinen
Rothman
Roukema
Roybal-Allard
Royce
Rush
Ryan (WI)
Ryun (KS)
Sabo
Salmon
Sanchez
Sanders
Sandlin
Sanford
Sawyer
Saxton
Scarborough
Schaffer
Schakowsky
Scott
Sensenbrenner
Serrano
Sessions
Shadegg
Shaw
Shays
Sherman
Sherwood
Shimkus
Shows
Shuster
Simpson
Sisisky
Skeen
Skelton
Slaughter
Smith (MI)
Smith (NJ)
Smith (TX)
Smith (WA)
Snyder
Souder
Spence
Spratt
Stabenow
Stark
Stearns
Stenholm
Strickland
Stump
Stupak
Sununu
Sweeney
Talent
Tancredo
Tanner
Tauscher
Tauzin
Taylor (MS)
Taylor (NC)
Terry
Thomas
Thompson (CA)
Thompson (MS)
Thornberry
Thune
Thurman
Tiahrt
Tierney
Toomey
Towns
Traficant
Turner
Udall (CO)
Udall (NM)
Upton
Velazquez
Visclosky
Vitter
Walden
Walsh
Wamp
Waters
Watkins
Watt (NC)
Watts (OK)
Waxman
Weiner
Weldon (FL)
Weldon (PA)
Weller
Wexler
Weygand
Whitfield
Wicker
Wilson
Wolf
Woolsey
Wu
Wynn
Young (AK)
Young (FL)

NOT VOTING—11

Brady (TX)
Campbell
Diaz-Balart
Green (WI)
Klink
Lazio
McIntosh
Meek (FL)
Nethercutt
Vento
Wise

□ 1156

Mr. METCALF changed his vote from ''nay'' to ''yea.''

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Stated for:

Mr. GREEN of Wisconsin. Mr. Speaker, on rollcall No. 482, had I been present, I would have voted ''yea.''

Mr. DIAZ-BALART. Mr. Speaker, on rollcall No. 482, had I been present, I would have voted ''yea.''

CHANDLER PUMPING PLANT WATER EXCHANGE FEASIBILITY STUDY

Mr. HASTINGS of Washington. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 581 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 581

Resolved, That upon the adoption of this resolution it shall be in order without intervention of any point of order to consider in the House the bill (H.R. 3986) to provide for a study of the engineering feasibility of a water exchange in lieu of electrification of the Chandler Pumping Plant at Prosser Diversion Dam, Washington. The bill shall be considered as read for amendment. The amendment recommended by the Committee on Resources now printed in the bill shall be considered as adopted. The previous question shall be considered as ordered on the bill, as amended, to final passage without intervening motion except one hour of debate equally divided and controlled by the chairman and ranking minority member of the Committee on Resources and one motion to recommit with or without instructions.

The SPEAKER pro tempore (Mr. COOKSEY). The gentleman from Washington (Mr. HASTINGS) is recognized for 1 hour.

(Mr. HASTINGS of Washington asked and was given permission to revise and extend his remarks.)

Mr. HASTINGS of Washington. Mr. Speaker, for the purpose of debate only, I yield the customary 30 minutes to the distinguished gentleman from Massachusetts (Mr. MOAKLEY), the ranking Democratic member of the Committee on Rules, pending which I yield myself such time as I may consume. During consideration of this resolution, all time yielded is for the purpose of debate only.

□ 1200

Mr. HASTINGS of Washington. Mr. Speaker, H.Res. 581 is a closed rule waiving all points of order against the consideration of H.R. 3986, a bill providing for a study of the engineering feasibility of a water exchange in lieu of electrification of the Chandler Pumping Station at Prosser Diversion Dam in the State of Washington. The resolution provides for 1 hour of general debate in the House to be equally divided between the chairman and ranking minority member of the Committee on Resources. The rule further provides that the Committee on Resources amendment in the nature of a substitute now printed in the bill shall be considered as adopted. Finally, the rule waives all points of order against the committee amendment in the nature of a substitute and provides one motion to recommit, with or without instructions.

Mr. Speaker, H.R. 3986 passed the Committee on Resources unanimously by voice vote on September 13. It was originally considered by the House yesterday under suspension of the rules. We are bringing this bill before the House again today because, although the bill was supported by a majority of the House Members, it did not receive the two-thirds support necessary for passage under suspension of the rules for reasons completely unrelated to the substance of the bill.

We were told during debate on H.R. 3986 yesterday that Members who opposed the bill did so in order to express their frustration that more Democrat