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January 23, 2007

Honorable Eric M. Thorson

Inspector General, Small Business Administration

409 3rd St. SW

via FEDEX

Washington, DC 20416

Re: SBA Certification Programs in Louisiana

Dear Inspector General Thorson:

The National Black Chamber of Commerce, Inc. is a federation of local chapters and business owners throughout the United States and the Black Diaspora. Our mission is to economically empower African American communities via entrepreneurship and technical support.

We are a 501©3 corporation and are nonpartisan.

Over the last few years and especially since the experience of Hurricanes Katrina and Rita, we have devoted much time and resources in assisting our business owners in the State of Louisiana.

We have local chapters in the cities of New Orleans, Lafayette, Baton Rouge and Shreveport/Bossier City.

As you know, the federal government and smaller government entities have procurement programs targeted for minorities in compliance with Title VI of the Civil Rights Act of 1964. The mechanisms for procurement assistance require a certification process to assure that perspective participants qualify as small and disadvantaged business concerns.

Certification over the years has been cumbersome as a business may be forced to go through this process for every public customer it pursues.

Consequently, the Small Business Administration offers a streamlined certification via the 8(a) and/or Small Disadvantaged Business (SDB) program.

All federal agencies and entities directly receiving federal funds for procurement accept these certifications.

On December 8, 2004, the Small Business Reauthorization and Manufacturing Assistance Act was signed into law as part of the Fiscal Year 2005 Omnibus Appropriations Act (Public Law 108-447). The Section 8(a) amendment language follows: "Sec. 155. PARTICIPATION IN FEDERALLY FUNDED PROJECTS.

Any small business concern that is certified, or otherwise meets the criteria for participation in any program under Section 8(a) of the Small Business Act (15 U.S.C. 637 (a), shall not be

required by any State, or political subdivision thereof, to meet additional criteria or certification, unrelated to the capability to provide the requested products or services, in order to participate as a small disadvantaged business in any program or project that is funded, in whole or in part, by the Federal Government.”

We wrote Louisiana Governor Blanco about the above on July 5, 2005, and never received a response from her. A copy of the letter is enclosed.

Another program which simplifies the certification process is the Memorandum of Understanding between the U.S. Small Business Administration and the U.S. Department of Transportation (copy enclosed). This allows a business that is certified with one of these entities to gain reciprocity (for certification) with the other. In essence, entities receiving funding from the U.S. Department of Transportation such as airports, state departments of transportation and their city and county counterparts, etc. can accept SBA 8(a) and/or SDB certification into their programs.

The reverse can also happen between the local entity's DBE program and the SBA.

In regards to the above programs we have found recalcitrance amongst the State of Louisiana and local government entities within such as counties, cities, airports, state department of transportation (highways), etc. We also find that local entities that are directly receiving federal funding such as the Housing Authority of New Orleans, HANO, refuse SBA certification and require businesses to go through their own process which has no guarantee of supporting or complying with Title VI of the Civil Rights Act of 1964. This is causing much confusion amongst small business owners who want to aggressively compete for business opportunities in the aftermath of the Hurricanes.

The National Black Chamber of Commerce formally asks you to find the answers to the following questions:

1. Should the applicable government entities in Louisiana be in compliance with Public Law 108-447, Sec. 155?
2. Should both the regional and district offices of the SBA and the USDOT be responsible for the implementation of the Memorandum of Understanding between the two agencies.

3. Should the SBA ensure that the applicable government entities of Louisiana implement Public Law 108-447, Sec. 155? If so, which particular office of the SBA?

4. Should the Housing Authority of New Orleans (HANO), which is receiving billions of dollars in HUD funding, accept SBA 8(a) and/or SDB certification as it is used as the only minority certification standard amongst directly procured US Department of HUD projects?

Can they use a replacement that has not been approved by the SBA or HUD and deny acceptance of the SBA certifications?

5. What are the alternatives in enforcing the State of Louisiana, local airports, local governments and other direct recipients of federal funding into compliance with the current laws regarding certification?

6. Why haven't the local offices of the SBA, in Louisiana, promoted or enforced certification procedures ever?

7. Should the local SBA offices outreach and work with the local chapters of the NBCC as well as the national office of the NBCC in regards to procurement and technical assistance in the State of Louisiana? The local chapters have monthly meetings and the national office has held its annual convention in New Orleans in 2006 and will again in 2007 without any interest or participation from the local SBA offices. This would be an excellent arena to promote their certification services.

8. If the State of Louisiana, other local entities and HANO are found not to be in compliance with certification programs, when can locally based businesses expect them to become in compliance?

Your prompt attention to the above will be most appreciated. If you have any direct questions I can be reached at 202-466-6886 or halford@nationalbcc.org

Sincerely,

HARRY C. ALFORD

President/CEO

enclosures