

STATEMENT OF R. A. BARNHART
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BEFORE THE SUBCOMMITTEE ON SBA AND SBIC BUSINESS PROBLEMS
OF THE COMMITTEE ON SMALL BUSINESS
UNITED STATES HOUSE OF REPRESENTATIVES
REGARDING THE 8(a) PILOT PROGRAM

MAY 15, 1985

Mr. Chairman and Members of the Committee, I appreciate your invitation to discuss the Federal Highway Administration's participation in the 8(a) pilot program originally established pursuant to Pub. L. 95-507 and extended under Pub. L. 98-47.

As you probably know, the Federal Highway Administration (FHWA) is an engineering oriented organization with the basic mission to finance and cooperate with the States in designing and constructing the highest standard and most modern highways.

The FHWA has an ongoing 8(a) program and is fully committed to that program. This is evidenced by our record between fiscal years 1981 through 1984 in which FHWA awarded \$34.4 million in 8(a) contracts. This amount exceeded our 8(a) goals by 12 percent over that period of time. Furthermore, this amount represents 14 percent of our total contract awards over that same period.

Notwithstanding our success in the regular 8(a) program, the nature of our mission and the type of work we are involved in presents some difficulty in qualifying our contracts under the criteria the Department developed jointly with the Small Business Administration (SBA) for candidate 8(a) pilot program offerings. These criteria include the following:

- New product requirement(s) with substantial growth potential, or
- Non-traditional, high technology requirement(s) with proprietary/commercial potential, or
- Initial high (or moderate) dollar value requirements with significant follow-on requirements potential, or
- Research and development requirement(s) with high dollar volume potential.

Only the category dealing with research and development requirements can apply to FHWA. Even in this category, most of FHWA's research and development contracts fall short of categorization as contracts with "high dollar volume potential." Notwithstanding, the FHWA, in keeping with the intent of the program, has identified a research and development contract opportunity which we believe would qualify under the criteria set forth by the SBA. This contract opportunity will be presented to the SBA for consideration under the 8(a) pilot program, and has an estimated cost of \$300,000 over a 2-year period.

Finally, in response to the Subcommittee's questions concerning our staff involvement in the 8(a) pilot program, we have designated a Small Business/Small Disadvantaged Business Representative (SB/SDBR) who reviews and screens all Headquarters procurement requests for potential regular 8(a) or small business set-asides or for participation in the 8(a) pilot program. This responsibility for screening procurement actions is also shared by the management of the program office where the procurement needs originate. This screening process involves approximately 15 people.

With respect to the other questions concerning the pilot program, we have not experienced any problems in implementing it and have no recommendations at this time. We do not believe the program has impeded the attainment of our acquisition objectives, however, this may be due to our limited participation in the program.

Concerning the Subcommittee questions on the setting of goals and efforts to identify additional requirements for the pilot program, we would like to add that this is an area handled at the Departmental level and I would refer you to my colleagues' testimony.

Mr. Chairman, that concludes my prepared remarks. I would be glad to answer any questions that the Committee may have.