



U.S. SMALL BUSINESS ADMINISTRATION  
WASHINGTON, D.C. 20416

OFFICE OF THE ADMINISTRATOR

January 24, 2013

The Honorable Daniel Bruce Poneman  
Deputy Secretary  
U.S. Department of Energy  
1000 Independence Avenue, SW  
Washington, DC 20585

Dear Deputy Secretary Poneman:

We appreciate your agency's assistance and collaboration during the process of renegotiating the Department of Energy's FY 2013 small business contracting goals.

As you may know, the Small Business Act (The Act) provides that each agency shall have an annual goal that represents, for that agency, the maximum practicable opportunity for small business concerns, small business concerns owned and controlled by socially and economically disadvantaged individuals, small business concerns owned and controlled by women, small business concerns owned and controlled by service disabled veterans, and qualified Historically Underutilized Business Zone (HUBZone) small business concerns to participate in the performance of contracts let by that agency.

The Act provides for the establishment of government-wide goals for the award of not less than 23% of the total value of Federal prime contracts to small businesses each fiscal year. It also provides for the establishment of individual prime contracting goals for small disadvantaged businesses (SDB): 5%, women-owned small businesses (WOSB): 5%, service-disabled veteran-owned small businesses (SDVOSB): 3%, and HUBZone small businesses: 3%. The Act further provides that agencies negotiate goals with SBA that represent that agency's maximum practicable utilization of small businesses.

The Act does not set a statutory government-wide requirement for small business subcontracting participation. However, it does mandate a subcontracting government-wide goal for SDB, WOSB, SDVOSB, and HUBZone of 5%, 5%, 3% and 3%, respectively.

For the FY 2012-2013 period, SBA originally set DOE's prime contracting goal at 10%. The Table below represents DOE's FY11 Small Business Goaling Report performance.

<b>FY11 Small Business Goaling Report (Actual)</b>	<b>Small Business Eligible Dollars</b>	<b>Small Business Dollars</b>	<b>Percentage</b>
Small Business Achievement	\$24,458,330,106	\$1,302,720,251	5.3%

After our meetings and discussions with DOE, and our review of DOE's FY11 and FY12 small business eligible dollars, and FY13 projected small business eligible dollars, we are proposing the following updated small business prime contracting goal for FY13:

**FY 2013 Proposed Prime Contracting Goal based on FY 2011 Small Business Goaling Report Data**

FY 2011 Small Business Goaling Report Small Business Eligible Dollars	\$24,458,330,106
Less Work for Others from procurement base (using data provided by DOE)	\$3,801,799,792
New FY 2011 Small Business Eligible Base	\$20,656,530,314
Small Business Actual Projection (Small Business NAICS Code Average Calculation + 25% Increase)*	\$1,489,561,515
FY 2013 Proposed Goal	<b>7.0%</b>

\*The 25% increase was calculated by reviewing each NAICS code where DOE identified the potential of a small business award, a review of government-awarded contracts, and the average of actual small business achievement across civilian agencies.

Based on our review of your small business eligible dollars, SBA anticipates that DOE will find alternative solutions to increase small business achievement to the proposed goal of 7.0% by awarding more Sole-Source, Security, and M&O contracts to small businesses. SBA also requests that DOE take steps to improve data anomalies in FPDS-NG and eSRS.

In an effort to assist DOE in achieving its small business goals, we have reassigned a Procurement Center Representative (PCR) to the DOE headquarters office and strengthened PCR coverage at DOE's West Mifflin, Pennsylvania facility. The assigned PCRs will be able to review procurements; recommend requirements to be set aside for small business, as well as socio-economic categories; provide training, outreach and market research; review small business subcontracting plans; and recommend various subcontracting options to contracting officers.

For subcontracting, SBA determined your agency's goal by analyzing your FY 2010 performance, your FY 2008-2010 average performance, your current FY 2010-2011 goal, and your agency's proposed FY 2012 and FY 2013 goal. Please note that we have made the decision to set every agency's socio-economic prime and subcontracting goals at the government-wide mandated level. DOE's subcontracting goal for FY 2013 remains at **52.0%**.

**Department of Energy Proposed FY 2013 Goals**

FY 2013 Proposed Goals		
	Prime	Sub
<b>Small Business</b>	<b>7.0%</b>	<b>52.0%</b>
SDB	5.0%	5.0%
WOSB	5.0%	5.0%
SDVOSB	3.0%	3.0%
HUBZone	3.0%	3.0%

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Please note that if your agency chooses not to accept these proposed goals, you may appeal to the Office of Federal Procurement Policy.

If you have any questions regarding the goaling process, please contact Ms. Ilene Rubio, Goaling Manager, at (202) 205-6579 or via e-mail at [ilene.rubio@sba.gov](mailto:ilene.rubio@sba.gov).

Thank you for your continued support of the small business community, and for making substantive contracting opportunities available to it.

With warmest regards,



Karen G. Mills

cc: Chief Acquisition Officer  
Senior Procurement Executive  
Office of Small and Disadvantaged Business Utilization