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THE BLOG

An Open Letter to First Lady Michelle Obama from American Small Business League President Lloyd Chapman

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 Like 8**Lloyd Chapman** 
Small business advocate

I am writing to you today because I am hoping you will help save millions of American small businesses from bankruptcy. I realize that you, as a mother and as someone who came from a hardworking middle class family, could not only sympathize, but also help with the situation we are currently in. I am very concerned, as I am sure you are, about the state of our nation's economy. And while I know that President Obama is trying to stay positive, all of the economic indicators are alarming, and there is certainly evidence that we could slip into another recession.

Our country is in the worst economic crisis in 80 years, and the situation appears to be degrading. Yet, as I watch what the government has done over the last few years, it does not make much sense to me. I think everyone agrees that small businesses create the overwhelming majority of net new jobs in America. [According to the U.S. Census Bureau, businesses with less than 20 employees create over 97 percent of net new jobs.](#) The [Small Business Administration \(SBA\) Office of Advocacy statistics indicate](#) that small businesses create over 90 percent of all net new jobs. Yet, even though small businesses create almost all of the net new jobs in America, the government gives the majority of small business contracts to large corporations. That simply does not make sense.

What I am trying to do, and would like your help with, is very logical. I don't think the government should award small business contracts to Fortune 500 firms and some of the biggest corporations from around the world. I believe that 99 percent of all Americans would agree with me, particularly in this current economic climate, that the government should not be diverting billions of dollars in contracts to large corporations that by law are supposed to be going to small businesses.

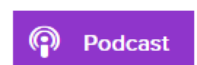
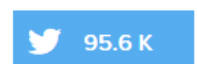
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Since 2003, there have been over a [dozen federal investigations, which have found Fortune 500 firms](#) and thousands of large companies around the world as the actual recipients of federal small business contracts. The [SBA's Inspector General has listed](#) this problem as the number one management challenge facing the agency for the past five consecutive years.

One of the most powerful stimulus bills ever written was the Small Business Act, which currently states that small businesses are to receive a minimum of 23 percent of the total value of all federal contracts, but that is not happening. On Friday, the SBA released its fiscal year (FY) 2009 small business contracting data and claimed to have awarded over \$96 billion, or 21.89 percent, in federal contracts to small businesses. [In reality, of the top 100 recipients of small business contracts, 60 were large businesses that received 65 percent of the total contract dollars.](#) Some of the firms included as small businesses were: Lockheed Martin, Boeing, British Aerospace (BAE), Rolls-Royce, Raytheon, Dell Computer, General Electric and Honeywell International Corporation.

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If the Obama Administration were to simply do as federal law mandates and ensure that 23 percent of all federal contracts actually went to small businesses, it would create millions of jobs and could potentially be our strongest defense against a double dip recession.

I have helped draft a bill titled, H.R. 2568, the Fairness and Transparency in Contracting Act. It was introduced by Georgia Congressman Hank Johnson (D-04) and currently has 26 cosponsors. This legislation is deficit neutral, and will do more to help create jobs than anything proposed to date.

I wanted to bring this to your attention in the hope that you will help us with this important cause. As our economy continues to falter, and American families are faced with heartache and despair; action needs to be taken quickly before thousands more lose their jobs and their homes. A real and simple solution exists in the form of H.R. 2568, which could begin to rescue our economy from the precipice.

I am simply asking for your help, to use your influence to do anything you think would be appropriate to convince [President Obama to fulfill the campaign promise](#) he made in February 2008 to, "End the diversion of federal small business contracts to corporate giants."

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