

NATIVE 8(a) WORKS

FOR AMERICA



- COMPETITIVE
- EXCEPTIONAL VALUE
- OPPORTUNITIES FOR ALASKANS

FACT SHEET: SOLE-SOURCE FEDERAL CONTRACTS

In light of exaggerated media reports about Native enterprises taking over the federal procurement system through sole-source contracts, it is important to understand the bigger picture on sole-source contracting with the federal government.

How Federal Agencies Issue Sole-Source Contracts

There are many situations where the government may issue non-competitive contracts, or sole-source contracts. In fact, almost one-third of all federal contracts are issued as a sole-source award. Here are a few examples of why sole-source awards are used:

- Only one responsible source and no other supplies or services will satisfy agency requirements;
- Unusual and compelling urgency;
- Industrial mobilization;
- Engineering, developmental or research capability; or expert services;
- international agreement;
- National security or the public interest.

The following groups have justifications for sole-source contract awards authorized by statute:

- UNICOR (federal prison industries)
- Qualified nonprofit agencies for the blind or other severely disabled
- Government printing and binding
- Sole-source awards under the SBA's 8(a) Program
- Sole-source awards under the HUBZone Act of 1997
- Sole-source awards under the Veterans Benefits Act of 2003. [Source: FAR 6.30205(b)]

Additional Procedural Protections Surround Sole-Source Contracts

- All Native Enterprise 8(a) contracts, including those that are sole-sourced, are scrutinized by government contracting officers and government auditors. These professionals understand procurement law, regulation and market forces.
- Sole-source prices are negotiated, not dictated, and every contract term undergoes a comprehensive review to ensure the government receives a fair and reasonable price.
- The SBA rejects the notion that the government receives anything less than best-value on sole source awards.

"... In terms of sole source authority not providing the best value, I do somewhat reject that on its premise....in every contract, and this also applies to all sole source contracts, the contracting office must certify that the government got fair and reasonable value and it must monitor performance of that contract and can terminate it if the contracting officer sees fit. So to say that the government did not get the best value because it was sole sourced is, or should be, inaccurate."

- Joseph Jordan, Senate Subcommittee on Contracting
Oversight hearing Q&A

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Learn more at www.native8aworks.org.

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- ANCs are required to perform a minimum of 51 percent of each service contract. That means that Native Enterprises, like all other small business and 8(a) contractors, have the ability to subcontract up to 49 percent of a service contract. It is false to say ANCs simply “pass through” the contracts they are awarded.

Native Sole-Source Contracts: A Miniscule Proportion of all Federal Contracting

In 2007, 32 percent of all federal contracts were sole sourced, yet Native 8(a) sole source awards represented less than one-tenth of 1 percent of federal contracting.

- ANCs, Tribes and NHOs collectively received less than 1.3 percent of all contracts awarded by the federal government in 2007.
- That means 98.7 percent of all government contracts in 2007 were awarded to non-Native businesses.