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## President Biden Announces Increase in Small Disadvantaged Government Contracting Goals

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**Historically, the Federal Government has incorporated socio-economic policy into Government contracting procurement requirements. On June 1, 2021, President Biden [announced](#) that it intends to use the Federal Government's purchasing power as a tool to help narrow the racial wealth gap and to reinvest in communities that have been left behind by failed policies. Specifically, the Administration intends to increase the share of Federal contracts going to small disadvantaged businesses by 50 percent, to \$100 billion, by 2026. If achieved, this goal will be the largest increase in small disadvantaged business contracting since the data was first collected more than 30 years ago.**

The Administration's goal has the potential to impact not only traditional Government contractors but also commercial companies. Small companies likely will see additional opportunities to contract directly with the Federal Government. In an effort to obtain a competitive advantage, mid-size companies may decide to team with or to enter into joint venture arrangements with small disadvantaged companies. For their part, large companies that serve as Federal Government prime or subcontractors likely will see an increase in the small business subcontracting goals. Importantly, the Government often evaluates offerors' small business subcontracting plans in selecting the contract awardee; an offeror may not be awarded a contract because its small business subcontracting plan is insufficient.

Regulations governing which businesses qualify as small disadvantaged are promulgated by the Small Business Administration ("SBA"). These regulations are highly detailed and address ownership, control and affiliation issues. The SBA regulations also prescribe the requirements of the mentor protégé program and joint venture arrangements. Saul Ewing Arnstein & Lehr attorneys are experienced in counseling companies regarding compliance with the SBA regulations and the various SBA programs. We are also experienced in litigating and defending small business bid protests. If you have any questions regarding an issue raised in this alert, please contact the author or the attorney at the Firm with whom you have regular contact.

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