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## United States Senate

COMMITTEE ON SMALL BUSINESS & ENTREPRENEURSHIP

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May 20, 2010

The Honorable Karen G. Mills  
Administrator  
US Small Business Administration  
409 3rd Street, SW  
Washington, DC 20416  
Dear Administrator Mills,

Thank you for your ongoing efforts and steadfast leadership at the Small Business Administration (SBA), and for taking the time to participate at meetings with the Senate Small Business Committee as well as other key stakeholders to discuss and develop a much needed jobs bill. Certainly the countless conversations you have had with small business owners and entrepreneurs in the year since your confirmation makes you a substantive voice at the table. As Ranking Member of the Senate Small Business Committee, I appreciate your leadership and dedication to America's small businesses, and I encourage you to continue pressing the Administration to make a small business jobs bill their top priority so we can provide small business owners with the certainty they so desperately need to expand their operations, hire more employees, and expedite our nation's economic recovery.

Without doubt, you have now seen, first-hand, the myriad challenges the SBA struggles with in providing small businesses with programs that accurately fill their needs and offer solutions to their problems. One such challenge is contracting oversight, a topic that was discussed during testimony at the April 21 House Small Business Committee hearing with yourself and Inspector General (IG) Peggy Gustafson. During the hearing, Chairwoman Velázquez referenced a September 29, 2009, award that was made to McKinsey & Co. (McKinsey) in the amount of \$580,000 to review the SBA's new loan management software. It is my understanding that Chairwoman Velázquez requested to see the McKinsey file on April 6, 2010, but was informed by the SBA's General Counsel on April 16, 2010, that the file had been lost. It is also my understanding that copies of select documents from the file were assembled by the IG's office, to which the contract award had been previously referred for investigation, and forwarded to Chairwoman Velázquez in attempts to recreate the folder. Meanwhile, McKinsey is currently in the process of securing a second, five million dollar contract, to consult with the SBA and the Administrator's Office.

As part of this Committee's oversight responsibilities of the SBA and its programs, I write to you today to request the materials Chairwoman Velázquez was provided by the SBA's General Counsel and the Inspector General's Office regarding the September 2009, McKinsey contract, as well as all documentation from the pending award to McKinsey. I know you will

agree that the Federal procurement process must remain independent, competitive, and impartial, and it is my responsibility as Ranking Member to make certain that safeguards remain in place to ensure contracts experience an unbiased review and maintain a full and open competition process.

Thank you for your attention to this request.

Sincerely,



OLYMPIA J. SNOWE  
United States Senator