

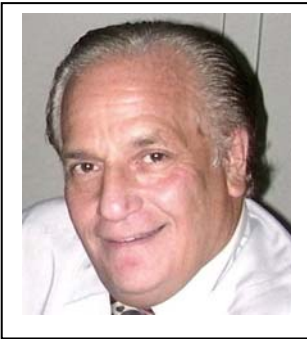
Friday, November 9, 2007

Feds rule Espinosa lacked standing to file protest

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ST. AUGUSTINE -- Efforts to get small businesses more federal contracts hit a snag late last month after a protest arguing they have to be considered for all federal supply programs was dismissed by the U.S. Government Accountability Office.

(GAO)



Raul Espinosa

The protest is one of the latest ways St. Augustine businessman Raul Espinosa has attempted to remove set-aside exemptions that he said have cost small and minority-owned businesses about \$640 billion in federal contracts over the past decade. He is appealing the GAO's dismissal of the protest.

The GAO didn't rule whether the U.S. Army was right or wrong in not considering a contract through Espinosa's business, **FitNet Purchasing Alliance**. Instead, it ruled that Espinosa didn't have the grounds to make a protest because FitNet never held a contract through the U.S. General Services Administration's Federal Supply Schedule program. Only primary contractors would have standing in this case, said Gary Mote, a GSA spokesperson.

Espinosa said those rules, however, don't apply to reverse auctions, which allow schedule-holding contractors to team-up with nonscheduled-holding contractors, such as FitNet.

In other words, a non-GSA Schedule holder can file a protest as long as it is partnered with a company that has the product on the federal supply program schedule, he said.

The GSA, regulators and large businesses pressured the GAO to dismiss the protest despite the U.S. Small Business Administration's support of his argument, Espinosa said.

The SBA ruled in September that small businesses must be considered for contracts between \$3,000 and \$100,000 through GSA's schedule program even though the schedule hasn't recognized the requirement.

Figures show an annual \$20 billion loss of foreign procurements and a \$44 billion loss through federal supply schedules, Espinosa said.

Espinosa had a recent major win when a U.S. House amendment calling for the removal of set-aside exemptions was passed October 30, attached to a bill for the Small Business Contracting Programs Improvement Act.

Small businesses hold about 80 percent of contracts in the federal supply schedule program, but they only receive about 30 percent of the money awarded, according to the amendment, which was introduced by U.S. Rep. John Mica, whose district includes St. Johns County. The bill is headed for the Senate.

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