

## **DISREGARD FOR THE LAW**

For example, the General Accounting Office (GAO) recently conducted a review of the small and small disadvantaged business subcontracting opportunities for four major telecommunications contracts. The review was to determine whether small and small disadvantaged businesses are being afforded "maximum practicable opportunity" for subcontracting under the two Federal Telecommunications System (FTS) 2000, Technical Assistance and Management Services (TAMS), and Washington Interagency Telecommunications System (WITS) contracts as required by the Small Business Act.

**GSA identified five large subcontractors who did not develop required plans for subcontracts valued at a total of \$109 million.**

GAO reported, that without plans, it could not determine whether opportunities for subcontracting to small and small disadvantaged businesses might have existed. In three of these cases, the large subcontractors had already completed the work. The remaining two subcontracts are still open and further subcontract opportunities may be available.<sup>6</sup>

In summary, GAO stated, "The subcontracting requirements of the Small Business Act, when effectively enforced, can provide subcontracting opportunities to small and small disadvantaged businesses. Certainly these four telecommunications contracts, with their

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<sup>6</sup> Exclusion is another form of discrimination and clearly evidenced by the aforementioned failure of large subcontractors to develop subcontracting plans that would have allowed small and small disadvantaged businesses to participate in these major Federal contracts.

**Discriminatory Practices in the Telecommunications Industry**

combined potential value of over \$25 billion, contain significant opportunities for such disadvantaged businesses. While the prime contractors (AT&T 60% and U.S. Sprint 40%) have developed subcontracting plans and indeed have exceeded their overall goals, "they have been remiss in their oversight of their large subcontractors. It appears that 'maximum practicable opportunity' may not have been afforded small and small disadvantaged businesses under these contracts because of failure of some large subcontractors to develop subcontracting plans. GSA is not exerting sufficient influence over the prime contractors to ensure that they, in turn, make sure that their large subcontractors comply with the law."<sup>7</sup>

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<sup>7</sup> GAO Report to the U.S. Congress, Committee on Government Operations/Telecommunications. Government Should Improve Oversight of Small Business Contracting. July, 1991, GAO/IMTEC 91-57.