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LEVELING THE PLAYING FIELD: FOSTERING OPPORTUNITIES FOR SMALL BUSINESS CONTRACTORS

HEARING

BEFORE THE

SUBCOMMITTEE ON CONTRACTING AND INFRASTRUCTURE

OF THE

COMMITTEE ON SMALL BUSINESS
UNITED STATES
HOUSE OF REPRESENTATIVES

ONE HUNDRED NINETEENTH CONGRESS

FIRST SESSION

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LEVELING THE PLAYING FIELD: FOSTERING OPPORTUNITIES FOR SMALL BUSINESS CONTRACTORS

WEDNESDAY, SEPTEMBER 10, 2025

HOUSE OF REPRESENTATIVES,
COMMITTEE ON SMALL BUSINESS,
SUBCOMMITTEE ON CONTRACTING
AND INFRASTRUCTURE,
Washington, DC.

The Subcommittee met, pursuant to call, at 9:33 a.m., in Room 2360, Rayburn House Office Building, Hon. Nicholas LaLota [chairman of the Subcommittee] presiding.

Present: Representatives LaLota, Meuser, King-Hinds, Williams, Cisneros, Scholten, Morrison, Latimer, and Tran.

Chairman LALOTA. Good morning, everyone. I now call the Committee on Small Business to order.

Without objection, the Chair is authorized to declare a recess of the committee at any time.

I now recognize myself for an opening statement.

Small businesses are the economic engine of America. They make up 99 percent in this country and provide over half of all jobs. Yet, when it comes to contracting with the federal government, small businesses are too often shut out. The facts speak for themselves. Less than 30 percent of federal contractors are small businesses, and while the total dollar value of federal contracts going to small business firms has gone up, the number of small businesses winning those contracts has gone down, meaning fewer local employers, fewer innovative solutions, and less competition for taxpayer dollars.

The reasons are not hard for us to see. The federal procurement system is riddled with barriers, including onerous compliance costs, agency rules that favor the biggest firms, and solicitations written in dense, legal, and technical jargon that all discourage small businesses from even applying. Compliance alone is crushing.

Over the past 4 years, Washington piled on nearly $2 trillion in new regulatory costs and 359 million new hours in paperwork. For small businesses, that translates to about $15,000 per employee per year, over 20 percent more than what the larger firms pay. For small businesses working with the government, the burden has doubled. Not only do they have to comply with 100,000 pages of federal regulations, they also have to navigate more than 2,000 pages of the federal acquisition regulations and the defense supplement.

These rules and requirements add up, and some of the small firms decide it is simply not worth their time or money to bid on federal contracts. This means America continues to lose out on the innovative, cost-effective solutions small businesses are known for, and taxpayers pay the price. On top of that, practices like contract bundling, that combine multiple smaller contracts into one larger solicitation, effectively sidelines small businesses that could have delivered those services directly. Instead of competing as prime contractors, they are pushed into subcontractor roles. That is not leveling the playing field.

One of the most common complaints I hear from small business owners is about the language itself. federal contracts are written in a way that is nearly impossible to understand without a lawyer or consultant. In fact, a Naval Postgraduate School study reviewed more than 1 million Department of Defense solicitations and found that fewer than 3 percent were written in plain English. Most required at least a college education to understand. Even seasoned small business contractors told researchers they couldn't tell what the government was really asking for. I think that is totally unacceptable.

If a business owner can't even figure out what product or service the government wants to buy, how can they fairly compete to provide it? That is why I introduced the bipartisan Plain Language Contracting Act. This bill requires federal agencies to write solicitations clearly and concisely. The best part is it doesn't cost taxpayers a single dime but lowers the barriers to entry and increases competition.

When contracts are written in plain language, small businesses can make faster and more informed decisions. They don't need to hire expensive lawyers just to submit a bid, and more competition means better value for the government and for the taxpayer. The House has already passed this bill with strong bipartisan support, and now I call my colleagues in the Senate to take up this commonsense legislation.

Together with the Trump administration's deregulatory agenda of cutting red tape, reducing paperwork, and simplifying the federal acquisition regulations, this legislation will make federal contracting accessible again to America's small businesses.

The bottom line is simple: government contracts should be written so that everyone can understand them. If we remove unnecessary barriers and insist on fairness and transparency, we can unleash the full potential of America's small businesses, strengthen our industrial base, and deliver better results for taxpayers.

I look forward to hearing from our witnesses today about their experiences and their ideas on how we can keep leveling the playing field for small business contractors.

I now recognize my good friend, Ranking Member Cisneros, for his opening remarks.

Mr. CISNEROS. Thank you, Mr. Chairman.

And I want to thank our witnesses for being here with us today.

The federal government obligated $755 billion in contracts in fiscal year 2024, $183 billion of which was awarded to small business government contractors. These dollars highlight the critical role small businesses play in supporting federal agency missions, but

they do not paint a complete picture or reflect the health of the industrial base.

Over the past decade, as the dollars have gone up, the number of small vendors in the government's ecosystem has been cut in half. The government has a recruiting and retention problem when it comes to small business. We must address both issues. Too few are signing up and too many getting out. Today's hearing is especially timely as the government is rewriting its procurement rules. We can almost all agree that the government acquisition process has become too cumbersome, too burdensome, and needs to be simplified.

During my time at DOD, I saw a system that does not produce the best outcomes with many projects not being delivered on time or on budget. Well-thought-out reforms that will make the process quicker, smarter, and deliver the best results would be welcomed. Unfortunately, I do not believe we are seeing that now, and we have reasons to be concerned. Previous efforts have shown what happens when reforms are imposed without small business involvement. For example, category management practices have saved taxpayer dollars, a goal we all share. Yet, many believe they directly contributed to the shrinking of the industrial base.

The administration recently mandated required use of certain contracting vehicles, but requiring the use of certain contracting vehicles may create barriers to entry and barriers to competition for small businesses. We need the administration to provide clarity on how this will be implemented and how it will impact small federal contractors. I am worried that the lack of transparency from this administration and the lack of involvement from the SBA means we may end up in a situation a decade from now needing to hold an urgent hearing on how to reverse the decline of the industrial base.

This committee cannot allow small businesses to become an afterthought. We need to ensure that they are heard and their concerns are addressed. Small businesses are the ones driving innovation and bringing in talent and solutions that deliver real value to the government customer. Their success is a win-win for them and for the government.

In the past 7 months, SBA has testified once before our committee. I expressed my frustration at the time that we do not have the opportunity to hear from the decisionmakers and discuss these issues directly. I hope we will again soon. When I asked the Administrator about the FAR changes, and specifically the Rule of Two in the hearing, it was unclear if the SBA had been involved.

This is a troubling pattern. Rather than advocate for small business government contractors, the SBA has been AWOL. The SBA did not take any action as service-disabled veterans saw their VA contracts canceled, and many small businesses took hits from DOGE. There was no action from the SBA to support women-owned small businesses as they got kicked off contracts due to the administration's misguided DEI claims.

The SBA did, however, lower the goals for contracts awarded to some small businesses, like those on our panel, and has targeted the 8(a) program in an attempt to decrease use of these critical business development tools. The SBA is also gutting the office

whose job it is to maximize small business prime and sub contracts across the government.

I will close by adding that I hope today we can counter some of the attacks we hear on small business programs. They are not handouts—that small firms could not otherwise compete if we did not have these in place. Nothing could be further from the truth. Small businesses don't need handouts, nor do they want them. They want a level playing field with a fair shot to compete.

I look forward to hearing from each of our witnesses about how we can help them do that. Thank you very much. I yield back.

Chairman LALOTA. The gentleman yields.

I now recognize the full committee Chairman Roger Williams for his opening remarks.

Mr. WILLIAMS. Thank you, Mr. Chair.

And I can barely see all of you, my chair is sitting so low. I am really not 5-foot 6, I promise. Anyway, thank you, Mr. Chairman, and, everybody, for being here today, for holding this hearing on the issues small businesses face when competing for valuable federal contracts. I look forward to hearing about our witnesses' experience navigating a cumbersome federal procurement process.

It can be difficult for small businesses to compete when agencies make it unnecessarily difficult to even understand what a product and service is being asked for. This discussion comes at a critical time in this country as our nation continues to prioritize economic growth under President Trump, and we must ensure that small businesses have a fair and meaningful opportunity to compete for and win federal contracts.

One of the simplest ways to empower small business in the government contracting is to ensure contract solicitations are written in plain language. When the government clearly and concisely communicates its needs, small businesses can prepare proposals that meet the agency's demands. This not only improves competition by removing the unnecessary barrier but also reduces the cost of hiring compliance attorneys.

And, moreover, we must streamline the procurement process to produce administrative overhead. Small businesses often find themselves overwhelmed by redundant forms, under submission procedures, and rapidly shifting deadlines. By simplifying and standardizing these procedures, we will ultimately deliver greater value to taxpayers and more innovative solutions for government agencies. Small businesses shouldn't be at the disadvantage just because they don't have the same resources that large firms have to hire massive teams of lawyers. In a truly competitive market, very qualified businesses, every qualified business, big or small, should have a fair and transparent shot at competing for success.

I look forward to working with my colleagues and hearing from today's witnesses on how plain language and streamlining the procurement process can ensure the best products and services are selected.

With that, Mr. Chairman, I yield back.

Chairman LALOTA. Thank you, Mr. Chairman. To summarize, the Chairman endorses the Plain Language Act, is what I think I heard. Thank you, Mr. Chairman.

Mr. WILLIAMS. [Inaudible.]

Chairman LALOTA. Yes, sir, I will. And this big seat is pretty nice over here, Mr. Chairman. Thank you very much.

I will now introduce our witnesses. Our first witness here today is my constituent, Mr. Rao Anumolu. Mr. Anumolu is the president and chief executive officer of ASR International Corporation on Long Island in New York. Mr. Anumolu founded ASR International in 1986 and has over 40 years of experience in aviation manufacturing, engineering, and program management for major aircraft programs like the A-10, F-14, and the F-18.

Mr. Anumolu was awarded the 2010 Ellis Island Medal of Honor, which recognizes recipients for outstanding contributions to their communities, the nation, and the world. Mr. Anumolu earned a master's in industrial engineering and a master's in business administration from Illinois Institute of Technology. He is also a graduate of the Owner/President Management Program at Harvard Business School.

Thank you for joining us today, sir.

Mr. ANUMOLU. Thank you.

Chairman LALOTA. Our next witness here today is Mr. Michael Ramos. Mr. Ramos is the president of Raymond Global in Conyers, Georgia. Prior to becoming president at Raymond, he was the executive vice president and federal lead. In these roles he led Raymond's engagement and presence in the federal market.

Additionally, Mr. Ramos serves as a Board Member for Raymond Global and oversees their continuous improvement initiatives. Mr. Ramos formerly served as a director of analysis for DBNA and as a senior associate of Booz Allen Hamilton. Mr. Ramos received a bachelor of science in chemical engineering from the Massachusetts Institute of Technology and a master of science in chemistry from Tufts University.

We appreciate you being here today.

Mr. RAMOS. Thank you.

Chairman LALOTA. I now recognize my friend, Ms. Scholten, to briefly introduce her constituent, who is the last witness appearing here today.

Ms. SCHOLTEN. Thank you so much, Mr. Chair. I am so pleased that we were able to get this really important hearing rescheduled.

And I am so proud to introduce Sue Tellier, owner of JetCo Federal and a constituent of mine in Michigan's Third Congressional District. JetCo is a packaging storage and distribution company headquartered in Grand Rapids, Michigan. It began in 2007 and won its first federal contract in 2009. It is an SBA WBENC-certified woman-owned small business. Woo. Prior to founding JetCo, Sue ran supplier diversity and business outreach for the Michigan Department of Management and Budget. In this role, she trained more than 4,300 small and underrepresented companies teaching them how to bid on and win State government contracts.

Sue volunteers time to support the defense industrial base and is an advocate for small and woman-owned small businesses. She serves as the first Vice Chair of the Board for Women Impacting Public Policy, WIPP. She is also the immediate past Chair of the Women in Defense National Council and the immediate past president of the Michigan Chapter of Women in Defense. She is a longtime Member of the National Defense Industrial Association and

participates in their logistics, small business, and manufacturing divisions.

Sue is heavily involved in the small business community in Michigan, and we are all the better for it. She was recently appointed by Governor Whitmer to begin her third term on the Michigan Strategic Fund Board, which has broad authority to promote economic development and create jobs. Sue has also served as Board Chair for the Small Business Association of Michigan, the largest statewide small business advocacy organization in the country. She is a graduate of Michigan State University and Wayne State University.

Welcome, Sue.

Chairman LALOTA. Thank you.

Before recognizing the witnesses, I would like to remind them that their oral testimony is limited to 5 minutes. If you see the red light turn on, that means your 5 minutes is up. We won't necessarily play the music like they do in the Emmys and the Grammys, but that means wrap it up and we will get into more detail afterwards.

Ms. SCHOLTEN. Nobody wants Nick to sing.

Chairman LALOTA. Definitely don't want that. Not good for America.

I now recognize Mr. Anumolu for his 5-minute opening remarks. The floor is yours, sir.

STATEMENTS OF RAO S. ANUMOLU, PRESIDENT &CEO, ASR INTERNATIONAL CORP; MICHAEL RAMOS, PRESIDENT, RAYMOND GLOBAL; AND SUE TELLIER, PRESIDENT AND OWNER, JETCO FEDERAL.

STATEMENT OF RAO S. ANUMOLU

Mr. ANUMOLU. Am I at the right place here, too?

Good morning to you, ladies and gentlemen. Thank you for this illustrious committee for giving me this opportunity.

After 38 years of grueling work in the small business arena, our Chairman, Congressman LaLota, gave me the opportunity to speak in front of you our experiences, good and bad. Some are very good; some are to be improved. I won't call them as negative, but I almost echo what you both Chairmen spoke. They are realities of life we face. We don't have 55 lawyers to fight with the government or others to get up there. We want to do the right work for you is and want to be a very productive company to serve the nation. We have been doing like this. We have got the exemplary [inaudible] person effort all the federal contracts we have run in the last 38 years.

Sir, Congresswoman McCarthy has recognized us in 2003 for the 9/11 area services that this company has supported, honored us in the same building. Only one small business was recognized by Congress. I am terribly, you know, humbled by that experience. So we doubled up our work. We invested more ourself, and we work night and day from Long Island and throughout the nation supporting the country's efforts both in Navy—38 years we work for Navy.

We worked for Air Force, Scott Air Force Base during the Iraq War, and we worked for the Army, Eagle Program, the big programs. And we have been pioneering many areas. And the cre-

ativity and the innovative tactics we have engaged or employed have been copied by the Chinese. I don't want to tell this loud, but we got patents. We help process patents. I see also somewhere else those processed patents. They were first generated in U.S.A.

So I just want you to know the level of effort that was put in and the kind of contribution we were able to make as a high-technology, knowledge-based company in this country. Now, to this advantage, I want to suggest the contracting officers still gravitate towards Big Business, which Congressman LaLota has already mentioned. They go and give massive contracts to big businesses, very small contracts to small businesses, with LCTA rating, that is lowest cost technically acceptable. You must recognize that should be abolished from our scene.

Lowest cost, yeah, we will be lowest cost, true. But technically they say it is acceptable. It is in their perception they are not getting the quality of the product. This must be understood by this committee and the contracting officers. Very important. Similar things we could have done in a big way as the Big Business has been awarded, and those contracts go to—gravitate to big businesses.

A request our Chairman also brought up is you need team of 30 lawyers and 20 CPAs to fight the battle. We don't have to fight the battle. We fight intellectually. We still win. Don't think we don't win. We still win some contracts. We win against the Big Business. We won against Rockwell International at Hill Air Force Base on the Minuteman missile. First contract. We won against certain big companies—I don't want to mention it—on our own without any [inaudible] and we got exceptional rating on those things.

Sixty percent of our contracts are exceptional ratings. To that we propel forward. On the contractual side, there are many improvements they can do from contracting side. One of the preliminary things I would like to suggest is the SCA justification. They just randomly throw on the contractors, you know, "Hey, this is a service contract act. Do it your way."

Many people very unaware of, you know, exemptions of the SCA contract. I think government should fix the norms, give the correct SCA accord, and then we all will be on the level playing field. [Inaudible] the way that contracting officer wants. When will we learn the contracting officer will do the right thing? Most of them do—please don't mistake me—but many have to be trained. That is my request on the contracting side.

The other thing I would like to bring up is banking side. We all need funding, no question. As you are doing more work and more work, the funding needs are there. However, they only tie you in as long as you can provide your house as the collateral or your building as the collateral or the other things. I want them also to think with us, join the people that are serving the nation, understand the business, develop themselves, train themselves into it. Yeah.

Chairman LALOTA. Thank you for your testimony, sir. We are going to get into a lot of these back and forth. This committee is going to be——

Mr. ANUMOLU. Yes.

Chairman LALOTA.—very interested to hear some of those details.

Mr. ANUMOLU. Just, I will be only one second, sir. They should be trained with the small business people. We are willing to train at no cost to the bankers. They are called relationship managers. And they are never trained. They are just released on us like birds, and they come and land on us. I request you to do that.

Finally, there are other attributes that are involved. We will discuss when you are asking us the questions.

Chairman LALOTA. Thank you very much, sir.

Mr. ANUMOLU. Thank you. Thank you.

Chairman LALOTA. The gentleman's time has expired.

Mr. ANUMOLU. Thank you.

Chairman LALOTA. I now recognize Mr. Ramos for his 5-minute opening remarks.

Mr. ANUMOLU. Thank you, sir.

STATEMENT OF MICHAEL RAMOS

Mr. RAMOS. Chairman LaLota, Ranking Member Cisneros, Members of the subcommittee, thank you for the opportunity to testify today. My name is Michael Ramos, and I am the president of Raymond Global. What began in 1992 as a small roof consulting practice in Greater Atlanta started by my father has steadily grown into a family owned, full-service architecture and engineering firm. Beyond my role at Raymond, I also serve as the Chair of the GovCon Small Business Coalition, a group of small and midsized contractors that advocate for policies that support business growth and strengthen the defense industrial base.

For its first decade, our company focused largely on K-12 schools and municipal projects. In 2005, we expanded beyond a one-person consultancy and have since averaged nearly 20 percent year-over-year growth. By the end of this year, 2025, we expect to employ 120 professionals with expertise in architecture, interior design, structural engineering, mechanical, electrical, plumbing services, civil engineering, and building envelope services.

The SBA's 8(a) program and our certification as a service-disabled, veteran-owned small business provided crucial development support and opportunities that helped us build up performance and diversify into broader markets, including the federal market. Although we have since graduated from these programs, Raymond continues to work extensively with the DOD and actively participates in the SBA's Mentor-Protégé Program.

This hearing comes at an especially pivotal moment. With significant changes underway in the federal acquisition landscape, it is imperative for small businesses to remain at the center of innovation and competitiveness. I would like to highlight several pressing issues that are impacting firms like mine and the broader small business community.

First, cybersecurity is critical to national security, but the rollout of DOD CMMC 2.0 has been costly and uncertain, and those burdens fall hardest on the smallest firms with limited resources. At my company, compliance with a Level 2 certification will cost approximately $0.5 million, which is not a one-time cost.

The acquisition process: Federal solicitations are often too unclear, inconsistent, and overly complex. This frequently leads to protests that small businesses can least afford. Recently, we pursued a federal procurement; this contract was awarded three times, protested twice, and ultimately canceled for all firms. That means months and sometimes years of lost opportunity and valuable resources.

The Mentor-Protégé Program: This program has been transformative for my company and our growth. However, the rapid expansion of joint ventures has tilted the competitive landscape. Increasingly, contract scoring criteria favors mentor-protégé joint ventures, leaving independent small businesses with fewer opportunities to prime.

New SBA rules: Published at the end of last year, a recent SBA rule requires small businesses sold after January 2026 to recertify their size status within 30 days. What this means is they are now ineligible for future task orders under their existing contracts. This will result in reduced company valuations and shareholder equity, discourage investments, and will have a chilling effect on the mergers and acquisitions market. Left as—the impact on a small business' ability to sell will be severe.

The contracting cliff: Right now, firms are classified as either small or large. There is no middle ground. This binary system forces companies that grow just beyond the small business threshold to compete directly with billion-dollar primes. A structured transition program for midsized firms is urgently needed.

The FAR rewrite: As GSA and OMB undertake the monumental and necessary task of rewriting the FAR, it is critical that reforms do not strip away small business protections, streamlining regulations that should not be synonymous with eliminating safeguards, which is why the Rule of Two should be codified into law. Protecting this foundation will preserve small business competitions and enable small contractors to inter-compete and remain vital participants in the defense industrial base.

And, finally, inflation and size standards: Rising construction costs have inflated revenues without reflecting true growth. SBA size standards based on outdated 2017 data don't reflect current market conditions. That misalignment threatens competitiveness for many small businesses.

These challenges add up. Rise in compliance costs, inefficient acquisition processes, structural imbalances in programs, and poorly calibrated regulations all weaken competition. And when competition suffers, so does innovation, and so does our defense industrial base. Small businesses bring agility, economic strength, and the ability to respond quickly to evolving needs. But, to keep playing that role, we need a contracting environment that works for us, not against us.

Thank you again for the chance to share my perspective, and I am happy to answer any questions.

Chairman LALOTA. Thank you, Mr. Ramos.

I now recognize Ms. Tellier for her 5-minute opening remarks.

STATEMENT OF SUE TELLIER

Ms. TELLIER. Good morning Chairman LaLota, Ranking Member Cisneros, and Members of the subcommittee. As mentioned by my fantastic Congresswoman, my name is Sue Schweim Tellier. I am the president of JetCo Federal, an SBA-certified women-owned small business. I also serve as Vice Chair of the Board for Women Impacting Public Policy, a national nonpartisan organization advocating on behalf of women-owned small businesses. Thank you for the invitation today. It is a tremendous honor.

JetCo Federal is a prime contractor. We are freakishly obsessed with efficient warehouses. Our government and industry partners rely on my team to design, produce, and deliver complex packaging solutions, perform storage and distribution services, and transport into secure facilities. JetCo Federal won our first DOD contract in 2009, and we have continuously increased our role in supporting the missions of the Defense Logistics Agency, the Army, and the Navy.

Eighty percent of our work right now supports the defense industrial base in some capacity, usually very much behind the scenes. We joke that we are the least interesting, maybe boring part of the manufacturing cycle, yet we play a critical role in protecting DOD parts for storage and distribution. My employees are incredibly proud to support the warfighter, and I am clearly comfortable putting my Midwestern humility aside to say that we have really earned a strong reputation as a reliable partner for our DOD agencies.

The committee's focus today is timely and important. The number of small business federal contractors is shrinking. Since 2010, the number of small businesses winning federal contracts has decreased by 50 percent even as contract spending has increased. This results in a more stratified federal contractor pool.

Our conversation today, as all of you have mentioned in your opening remarks, really should focus on strong small business strength and the importance of opportunities for us. We are job providers in all of your districts, significant job providers. It is equally important, though, that we talk about good government. And expansive market research, the Rule of Two, and small and socioeconomic set-aside programs are not acts of charity. Instead, they ensure that government benefits from the innovation, competition, flexibility, and values small businesses bring.

Shrinking the pool of qualified contractors will leave agencies increasingly reliant on a narrower group of large incumbents, directly reducing the government's leverage. It is not good business or good government to have a stratified contractor pool. There is no benefit to pushing small companies out of federal contracting.

As a small business leader, I factor risk into my business decisions. This includes how I use my time, how I manage unpredictability in my customer base, and how I price my solutions. I must have some degree of confidence that I have a chance at winning an opportunity to justify pursuing it. Otherwise, I am wasting precious time and resources from my small but mighty team.

Any threat or even a potential threat to the Rule of Two increases risk for small businesses and federal contracting. The Rule of Two has historically been a bedrock protection for us. Its erosion

results in a less welcoming environment, reducing opportunities for small, innovative firms, and instead accelerating consolidation.

The FAR rewrite presents a pivotal opportunity to address these challenges. Retaining and codifying the Rule of Two—making it a true "shall" requirement applied consistently across vehicles—is essential to keeping small firms engaged in the federal marketplace.

The transformation of FAR Part 10 and the new direction for market research is also concerning. The drastic streamline proposed effectively trims market research down to three very limited situations. More prescriptive triggers, such as those related to bundling consolidation and small business outreach, have been removed. References to small business consultation and set-aside considerations have been stripped.

For experienced contractors like JetCo, this increases risk. There is no longer a mandated pause to engage small business advocates, notify incumbents, or explore set-aside potential. Instead, agencies may proceed quickly, potentially overlooking small business opportunities. Under pressure to move fast, agencies may default to expedience.

If there is one thing I hope you take away from my words today, it is that small businesses are not just beneficiaries of federal contracts, they are essential partners to agencies. We bring innovation, agility, and cost savings while providing the government and taxpayers with options to meet mission needs quickly and effectively. The innovation we deliver strengthens America's competitive edge in the global marketplace.

Protecting and expanding our role in federal procurement is both sound policy and strategic imperative, and if we continue to face unpredictability and competition challenges, you should not be surprised when fewer of us remain engaged in federal contracting.

Again, I appreciate the opportunity to testify today, and I look forward to answering any questions. Thank you.

Chairman LALOTA. Thank you.

Thank you to each of you for your awesome 5-minute opening statements.

Now here comes the fun part. We are going to move to the Member questions under the 5-minute rule, and I recognize myself for 5 minutes.

Mr. Anumolu, it is great to see you here in D.C. The more Long Islanders in D.C. the better, I say. I think the last time we saw each other was at your workplace when you allowed me to visit about a year ago.

Mr. ANUMOLU. Yes.

Chairman LALOTA. Your testimony, sir, reads like the American Dream and what you have done in this great country.

Mr. ANUMOLU. Yes.

Chairman LALOTA. You came here, you studied at top universities, went on to build a company that has delivered critical services to our military, enhanced our national security, kept our troops safe, all right from Long Island. I was hoping that you can share with the committee what you think, sir, has made that dream possible.

Mr. ANUMOLU. Two inspiring things. I found when I came here first a good study, intellectual penetration into the American arena

will allow you to grow properly, bring our families together nicely, and also I have an interest to settle in our community. I achieved all those dreams on my own in a modest way, not in a big way but modest way. I brought my family well. My children went to top schools, and I am able to settle in the community by doing real, hard, intellectual work. And that is what elevated us.

To add to that, Congress also somewhat recognized me right when we did the best things for the Hill Air Force Base and the Iraq War. And, since then, we propelled farther. That [inaudible] is serving in Navy, and also winning their contracts against Big Business with all the odds is what we are fighting. If you can level the playing field slightly, I can tell you, the intellectual stamina we are offering will be exponentially greater.

The AI contribution we are doing as a company will be enormous. The cost reduction to the U.S. Government will be tremendous. We want to achieve those things. We want to feel satisfied when we go home in the night that I achieved something for my nation, for my people, for my house.

Chairman LALOTA. We love it. Here in the committee, we want to harness dedication, innovation, perseverance. That is what we believe to be the American Dream, and I think that is a Democrat and Republican principle here. We want to help unleash that everywhere in every corner of America.

Mr. ANUMOLU. Yes. Yes.

Chairman LALOTA. We are here today—and you alluded to this in your opening testimony, you are going to tell us some of the tough things you have been through and how sometimes government has made things a little more difficult for you. Can you tell us, sir, a little bit about the application process for some of these contracts and some of the roadblocks you have suffered through throughout your many decades experience——trying to earn those contracts, sir.

Mr. ANUMOLU. Yes.

Mr. ANUMOLU. In 38 years, when we see a contract coming with 2,000 pages, even before we read, we—this is the earmark for somebody. That is a bad word we use in our lingo in the company. Hey, that is set for somebody else. Somebody is there, you know. So we don't even try to beat it. That should not be our feeling when we are willing to spend our valuable time night and day.

And there are many contracts that come. All the service—intellectual contracts—I request the contracting officers to try and level field with the simple language as [inaudible] coming from both the Chairmen. If you do it, 50 percent of the more [inaudible] will be there, more competition, and we can beat Big Business.

Chairman LALOTA. To my left here is the federal acquisition regulation, 2,000 pages here.

Mr. ANUMOLU. Yes, sir.

Chairman LALOTA. Sorry, we hurt some trees to do this, but I think the point is well worth it to demonstrate to the audience here, folks watching from home, that these regulations, in our view, are onerous, that when—a hardworking, dedicated, principal business like you has to apply for a contract—you have to consult these pages.

Mr. ANUMOLU. Yes, sir.

Chairman LALOTA. My question—and I only have about 30 seconds remaining.

Mr. ANUMOLU. Yes, sir.

Chairman LALOTA. My final question is, what would the Plain Language in Contracting Act do for you, an effort to simplify the language in these contract applications? What would a simpler application process mean for your company, sir?

Mr. ANUMOLU. All that they have to do is define what type of people they want us to use, SCA, very important. Then tell us, "Hey, this is what we are expecting as an ultimate objective from your productivity or from our schedules," you know, what we do to the government, and that is all we need.

Chairman LALOTA. Thank you.

My time has expired. I hope that we can get a second round and maybe some more questions in. I want to talk to some of you folks in a second round. But I am going to yield and recognize Mr. Cisneros for 5 minutes.

Mr. CISNEROS. Thank you, Mr. Chairman.

And thank you again, all, for being here today.

And I am going to start with Ms. Tellier. As I said in my opening remarks, we should welcome reforms that simplify the government's procurement process, but there are concerns that this administration is making changes that will drive small businesses out of the industrial base. This is highlighted by the potential elimination of the Rule of Two, that both you mentioned, as well as Mr. Ramos mentioned.

What happens to small businesses and the industrial base if the Rule of Two goes away?

Ms. TELLIER. So we have to have some degree of confidence as small business owners or leaders or business developers that we have a shot at winning. The Rule of Two gives us confidence in that. Changes to the Rule of Two that would only apply to certain sizes of solicitations doesn't help with that. My contract portfolio is not conducive to me only going after $249,000 opportunities because they are under the SAT. I need to have confidence that I can compete well on solicitations well over that.

Market research really allows contracting professionals to understand whether two or more small companies can compete effectively. It decimates us. There are small businesses that will leave federal contracting if they don't have that confidence.

Mr. CISNEROS. Mr. Ramos, I would love to hear your comments on that.

Mr. RAMOS. I do think that, if we remove the Rule of Two, that will be damaging to the defense industrial base. I think that is pretty critical to understand. If you remove that rule and you do not codify it, you have this scenario where not only will small businesses leave, but you will just create massive entrenchment of the existing large or small businesses. Also, to a certain degree, it is a land grab by the larger companies that are in the market. And it is an opportunity right now to codify it and make sure that small businesses are protected for larger contracts and when they are qualified. A lot of Sources Sought are to make sure that is happening, and there are opportunities for Rule of Two to be applied today.

Mr. CISNEROS. Mr. Chairman, I request unanimous consent to insert for the record these letters and statements of support for the Rule of Two.

Chairman LALOTA. Without objection.

Mr. CISNEROS. Thank you very much.

Ms. Tellier, some claim that small business-only competitions or SBA programs like 8(a) or the Women-Owned Small Business Program are not based on merit and award contracts to businesses that otherwise could not compete on price or quality. Can you lay out why these comments are misguided, and tell us, you know—or why they are a misguided view of federal contracting and how these programs actually level the playing field.

Ms. TELLIER. Yes, Congressman. I think I can even do that without swearing, although it takes a little bit of restraint on my part, candidly. I have never won a contract because I am a WOSB. I have won the opportunity to compete on a contract because I am a WOSB, but every contract I have won it is because I have strong CPARS; I can do the work well; and I have proven that with my write-up in my pricing.

My small business owner peers are the same way. And, candidly, Mike has made some comments so far about how this affects the defense industrial base. When we look at whether or not government benefits from small businesses fleeing or from the socioeconomic set-asides not being deployed, if we don't bid, the agility leaves, the innovation leaves.

I have a contract with NSWC Corona, and the crate that I am producing for munitions has a one-eighth-inch tolerance. I guarantee you, none of my large competitors would bother with that, but I care deeply about it. You lose the passion in that, too.

Mr. CISNEROS. Thank you.

And, Mr. Ramos, in your testimony you mentioned that Raymond is an 8(a) program graduate?

Mr. RAMOS. Yes, sir.

Mr. CISNEROS. What are some of the positive outcomes for your firm resulting from your participation in the 8(a) program?

Mr. RAMOS. We entered the federal marketplace, and specifically Department of Defense, because we were an 8(a) firm. We were able to get certified. That is how we entered into federal contracting. We saw an opportunity where we knew we could perform the work, but we needed a way, as Sue Tellier was saying, to have an avenue where we could be competitive with entrenched players. The way procurements are done today, it is all about past performance. It is not what I can do, it is what I have done for that specific agency. 8(a) has been incredibly helpful, as well as service-disabled veteran-owned small business, in order to allow us that opportunity to have a shot at competing. Highly qualified firm, but, you have got to have someone open the door for you, so to speak.

Mr. CISNEROS. I think we have heard from these witnesses today the importance of the 8(a) program as well as the Rule of Two. I just hope the SBA administration is listening today and will follow up and support these programs into the future. Thank you very much. I yield back.

Chairman LALOTA. The gentleman yields.

I now recognize the gentleman from Pennsylvania, my good friend and small business owner, Mr. Meuser, for 5 minutes.

Mr. MEUSER. Thank you very much, Mr. Chairman.

And it is very nice having you all here. Thanks for your testimony. It is quite important. It is important to us. It is extremely important to you. So we appreciate your detail and your specifics.

I was in business for well over 20 years and engaged in some federal contracting. So I know what it is like. That was a few years back. Sometimes things get a little bit more regulatory over time, but it is always difficult, right. And we grew as a small business into a somewhat larger business, but it was difficult, right. It was a lot of gambits, a lot of traps, a lot of paperwork, a lot of visits to the different agency that you needed to win the contract from and all that. But I would like to focus on what was unfair, particularly for small business, because we are all small business advocates. What was unfair—and I will start with you, Mr. Anumolu. What was unfair, and, specifically, what would you like to see us correct?

Mr. ANUMOLU. I will give you two, three examples for verification purposes.

Mr. MEUSER. And, Mr. Ramos, I am going to come to you with the same question.

Mr. ANUMOLU. Yeah. Two, three examples. If there is a job for, say, eight people, they still give it to the Big Business because the Big Business has done that before, and they have performed well.

Mr. MEUSER. So it is a little bit lazy. They are not looking to—when you say you have——

Mr. ANUMOLU. Well, I don't want to use—that is your terminology——

Mr. MEUSER. Yeah, well, but——

Mr. ANUMOLU.—which I will endorse it. I will accept you. Because just giving it to a Big Business—I don't want to name names. I can give you five names. They just give it to Big Business because——

Mr. MEUSER. Does the contracting officer visit your sight?

Mr. ANUMOLU. They don't, sir.

Mr. MEUSER. Okay.

Mr. ANUMOLU. Very rarely. And so are banks, by the way. Don't leave them out. They don't care as long as you are paying their bills.

Mr. MEUSER. That is very important access to capital, and that is largely our other committee, and believe me we are, in this Congress, working on that.

Mr. ANUMOLU. They should be—they have to be trained, sir. They are good people, but they are not trained.

Mr. MEUSER. As a former businessperson, I want to try to make a difference from this. So anything that you can provide us, we will get in the hands of those whom need to see it and where the corrections could be made. That is our role, oversight, not, unfortunately, implementation, although we can help force that.

Mr. Ramos, same question.

Mr. RAMOS. I would say the entrance into the industry is a huge historical challenge. Getting into federal contracting can be the biggest win. If you win your first contract, that gives you a shot

to maybe prolonging it long-term, and that is what I would say historically. But I would say, right now, the biggest issue might be CMMC. This will be an incredible barrier, an incredibly costly barrier for small businesses to enter even—we are not talking about five-person companies. We could be talking about a 100-person company. That is a huge cost to bear just for the opportunity to compete on a contract.

Mr. MEUSER. Okay. And you did mention in your testimony how service-disabled veteran-owned small business was crucial if your company's early growth. Just expand on that a little bit.

Mr. RAMOS. Yes. So it is basically a socioeconomic category; certain contracts are set aside for SDVOSB firms—to actually compete. And so if you look at the Department of Veterans Affairs, as a veteran-owned company, we were allowed access to a number of different projects that we could bid on individually or umbrella contracts. And, because the competition pool is a little more limited, there is a better opportunity to actually win some of those contracts—and that is not to say that is an unfair advantage. I do think it is important to prioritize our veterans, and, most importantly, all of the firms that are going after those contracts are highly qualified and it is still very competitive.

Mr. MEUSER. Sure. If you are sitting in my seat, what are you working on later today, tomorrow to improve the situation within contractors, federal—particularly defense for small business?

Mr. RAMOS. I do think there is an opportunity to simplify procurements. And, potentially on the flip side, on the backside, if we are going to do a government efficiency model and we are going to reduce workforce, there is absolutely a need to change the process so that we are efficient enough to still carry out the mission.

Mr. MEUSER. Okay. Great.

Ms. Tellier, same question.

Ms. TELLIER. I lost track of the question. I am so sorry, sir.

Mr. MEUSER. The question was, you are sitting in our seat, and you are focused on this, and you want to make some differences, what are the top one or two or three things you are focused on?

Ms. TELLIER. Codify the Rule of Two. Make it a shell.

Mr. MEUSER. All right. Very good.

I am about to run out of time, so I am afraid if I hand it over to you, Mr. Anumolu, we may go over time. But I am going to risk that. Go ahead.

Mr. ANUMOLU. It is an interesting thing you are asking me to do. A few things.

Mr. MEUSER. We may have to hold off. My apologies, sir.

Mr. ANUMOLU. Yeah.

Mr. MEUSER. I yield back, Mr. Chairman.

Chairman LALOTA. We will give some deference to the gentleman if in 30 seconds you can answer Mr. Meuser's question. What would you do if you were a Member of Congress to help small businesses, in 30 seconds?

Mr. ANUMOLU. If I am there, you know, I would certainly take notes of who are the players and where to correct them. I can give you two, three examples so that that can be made as a universal thing. Plus, I would add one small thing, sir, a team of bankers,

contracting officers, and a small business person should be put and trained for, say, 3 days.

Chairman LALOTA. Thank you.

Mr. MEUSER. I am going to join the Chairman on the next visit to your place out in Long Island.

Mr. ANUMOLU. You must, sir.

Mr. MEUSER. Thank you, Mr. Chairman. I yield.

Mr. ANUMOLU. I am at Long Island University, just to add. I didn't take their permission. I am trusted there. I can talk to the president and the Chairman. Sir, it is open. I can teach them. I am willing to teach that.

Mr. MEUSER. Thank you. Our time has expired.

Mr. ANUMOLU. After 38 years, you should allow me to do that.

Chairman LALOTA. The gentleman's time has expired. Thank you.

I now recognize the gentleman from California, former small business owner, Mr. Tran, for 5 minutes. But, if he needs 6, we will give him that instead.

Mr. TRAN. Thank you, Chairman and Ranking Member, for convening today's very important hearing.

And, to the witnesses, I appreciate you traveling to be with us and sharing your testimony.

Ms. Tellier, in April of this year, the Department of Health and Human Services fired almost their entire Office of Small and Disadvantaged Business Utilization, also known as OSDBU, staff, leaving only the executive director, despite requirements in the Small Business Act that the office have a minimum of 13 personnel. We have heard that the State Department has fired almost all of their staff as well, and there are draft proposals for reductions at other agencies or changes that would weaken OSDBU's authorities or independence. Can you discuss the role of OSDBUs and how your firm has worked with them?

Ms. TELLIER. Absolutely. The acronyms are fun sometimes, aren't they?

Mr. TRAN. Leave it to the government to come up with them.

Ms. TELLIER. Well, I haven't worked with HHS directly because so much of my work is within the defense industrial base. I can speak heavily about the level of professionalism and the level of helpfulness that I have gotten from especially DLA and Army OSDBU offices. The help that they give in guiding in the pre-solicitation or during the solicitation process, like the opportunity process, is very helpful. But I think a lot of people forget how much help they provide post award.

Last week—oh, my gosh. I am blanking on her name, which I am mortified by—the head of the OSDBU office for DLA distribution helped me get paid. DLA was behind about 60 days on a contract that was valued at $187,000. So I had already obviously incurred all of those costs. They helped pull the trigger to get the contracting personnel to make sure that the items were received. On a post-award basis, they are helpful; on a pre-award basis, they are helpful. They make sure they are guiding us. I actually think they need more money, not less.

Mr. TRAN. Thank you.

And, if the other two witnesses has any dealings with it, I would love to hear your testimony.

Okay. Ms. Tellier, in your testimony, you state that you must have a level of confidence that you can win an award to invest the time and resources to develop a proposal and bid. If a small business did not know their competitors were also small businesses and understood that they might be competing with a much larger corporation, how does that change the calculus around whether a small business bids on that contract?

Ms. TELLIER. The bid decision is heavily influenced by whether or not we perceive that we have a probability for a win, not a guarantee of a win. These aren't guarantees in any capacity. It is just the level playing field. If I don't—if I feel like an opportunity is wired for someone else, including a large business, I am not going to waste the time bidding. It is somewhere between 8 and 40 hours of my time, and that doesn't include the time of my employees to put together a complex proposal response. And I am good at it. I am quick at it. So there is companies that are newer to this space that would have a lot more of a time investment to do it well. It is not worth the time.

Mr. TRAN. Thank you.

Mr. Ramos, anything to add?

Mr. RAMOS. I wholeheartedly agree with those comments. It is critical that the government does understand there is a true business cost to putting together a procurement response. We do have to play a little bit of a numbers game, but at the end of the day, if I am going up against large or unrestricted size companies, it is a huge deterrent for me to pursue those opportunities.

Mr. TRAN. And, as Members of this committee, we are very concerned about small businesses, entrepreneurs, and the communities where your firm pays taxes and create jobs, but small business policies are a win-win for small businesses and the government. Can you, any one of you, talk about the benefits of your government customers when we have a robust small business industrial base?

Mr. ANUMOLU. Can I?

Mr. TRAN. Yes, please.

Mr. ANUMOLU. So we helped create several hundreds of jobs throughout the communities. Our business model is create jobs in the community that has awarded us the contract. For example, if I got in San Diego, people in San Diego are hired by us, positioned by them, and we pay them the wages that we derive from that contract. In other words, we are building the local communities. That has been our business model for 38 years. Very successful.

The same thing we did everywhere in the nation, not in one place. We are a nationwide company with nationwide contracts trying to help the local community with big wages. Whatever we bid, if I bid with three-person, two-person margins, the rest of it is going to my employees. And this is not done by Big Business—overheads are 80 percent. They pay, I mean, less. I mean, I don't want to comment that way, but their overheads are bigger than us.

Mr. TRAN. And I thank you all for your testimony. I think I am running out of time here, but congratulations on the success of

your business, and you can count on this committee to help support you.

Thank you, Mr. Chairman. I yield back.

Chairman LALOTA. The gentleman yields.

Next up in the batting order is the gentleman from Texas, the small business owner, the full committee Chairman, Chairman Williams, for 5 minutes.

Ms. WILLIAMS. Thank you, Mr. Chairman.

And thank all of you for your testimony. It is a good hearing, and we appreciate you being here.

On this committee, we have repeatedly heard that government contracts and solicitations are often overly complex making them difficult for many businesses to respond to successfully, and we have seen the pile there at the Chairman's desk. As Chairman LaLota has stated, less than 3 percent of the contracts the Department of Defense were written in plain language.

So, Mr. Ramos, to you, what steps has your firm taken to understand and respond to overly complex solicitations, and if contract solicitations were written in plain language, would this encourage small businesses like yours to compete more for government contracts?

Mr. RAMOS. Yes, sir. We almost have a full in-house lawyer at this point. That is required. We engage with our general counsel, who is a third party today, on a very regular basis on a number of issues related to federal contracting. That has been critical. That has also included training for our personnel so that we can become better experts.

But this is an art at figuring out federal contracts. And I will say that, if you figure out that art, you have an entrenched competitive advantage in order to continue going after contracts. So, if we can simplify the language, then more small businesses will have an opportunity to compete.

Ms. WILLIAMS. Lawyers and accountants can get expensive, can't they?

Mr. RAMOS. Just a little.

Ms. WILLIAMS. Yeah.

Regulations and red tape in government contracting can be a major strain on small businesses—that we have heard all day this morning—forcing them to redirect their limited resources towards the cost of compliance rather than growing and expanding their businesses.

So, Mr. Anumolu, how do these burdensome regulations and complicated solicitations impact your business and your bottom line?

Mr. ANUMOLU. Substantially, sir. So we try to avoid them to the extent we can and improvise ourself to see if we can bid in. We did some bids like that. We did partial success. However, the strain we had to go through is horrendous. But we did it, sir. We have won against big businesses. But that is not the solution. That is what is survival we are doing, survival techniques, you know, which I learned at Harvard. But we have to prepare ourselves to be trained fully, to work with plain language contracting like you mentioned in your opening speech——

Ms. WILLIAMS. Okay.

Mr. ANUMOLU.—and——

Ms. WILLIAMS. Thank you.

Mr. ANUMOLU.—Congressman LaLota also mentioned. They should be simplified. They can be—it is very easy to simplify, sir. I don't know why they don't do it.

Ms. WILLIAMS. Because it is the government. They don't understand simple, but we do, and I appreciate your testimony.

Mr. ANUMOLU. Thank you, sir.

Ms. WILLIAMS. The Biden-Harris administration shackled businesses an additional $1.8 trillion in regulations and $350 million additional paid man hours, we will call them, for compliance. That is just unbelievable. And, thankfully, the Trump administration has already been able to eliminate over $75 billion in costly regulations.

So, Mr. Ramos, to you, how do regulatory costs impact your business and staffing decisions as you move—as you go to work everyday?

Mr. RAMOS. Actually, just yesterday, we were having our Q3 management team meeting, and hiring is something we talk about at all of these, and hiring is based on profitability, strategic growth, and direction of the company. I will tell you, regulations like CMMC have absolutely impacted how we are handling our business and not for the better. This is a tremendous constraint. It is one example of the regulations that you are citing. And, if we can work towards actually simplifying some of these regulations, like the administration is aiming to do, then we are all for it. We project fewer regulations equals better growth.

Mr. WILLIAMS. It is more fun to be on offense than defense.

Mr. RAMOS. Yes, sir.

Ms. WILLIAMS. When you are on offense, it translates to productibility and profits and more jobs.

Mr. RAMOS. Yes, sir.

Ms. WILLIAMS. We appreciate your testimony.

Mr. Chairman, and I yield my time back.

Chairman LALOTA. The gentleman yields.

I now recognize Ms. Scholten, my good friend from Michigan, and the former Ranking Member of this committee, for 5 minutes.

Ms. SCHOLTEN. Wonderful. Though I have moved onto a different ranking position, I am still honored to be a part of this fine committee.

When the government contracts directly with small businesses, there are some things they can do only when the small business is a subcontractor. One of the ways Congress has encouraged fair treatment and proper utilization of small businesses that some contract with larger primes is to include certain criteria in the prime contractor's past performance ratings. The most important of these criteria, I bet everyone would agree, is did the contractor make timely payments and whether they met their subcontracting goals.

Ms. Tellier, my first question is for you. How important are those accountability mechanisms for small business subcontractors?

Ms. TELLIER. It is critical. The example that I used with Congressman Tran: We have to get paid. I can't wait 90 days to receive almost a quarter-million dollars from the government. I also can't do that with the prime contractors. The example that I used, by the way, is a little atypical. My government agencies usually pay me

in a more timely manner than the prime contractors do. It would also be helpful if we had an understanding of how those ratings affected our customers who were prime contractors. So, if I am a sub under somebody and I have the option of subbing under two different companies, I am probably going to take the one that on a dashboard would reflect they cared about me enough to pay me.

Ms. SCHOLTEN. Yeah.

Ms. TELLIER. Yep.

Ms. SCHOLTEN. Thank you. Very helpful.

Question two: Currently federal law requires that contracts under a certain amount be automatically set aside for a small-business-only competition, and yet a surprising amount of spending under that threshold is not awarded to small firms, the reason for which is still unclear. It is something we are trying to get to the bottom of. Some have pointed to things like software licenses and other products or services that can't be purchased via a small business. I have submitted an amendment to the NDAA that can get to the bottom of this issue and ensure that this spending is making its way to the small business, as intended by federal law. Very pleased that it made it into the final round.

Ms. Tellier, again, coming to you, can you talk a little bit about how small businesses utilize contracts under the SAT, and why it is important to ensure that those opportunities are going to small businesses as intended?

Ms. TELLIER. Absolutely.

The simplified acquisition threshold allows me to kind of fill my pipeline that is outside of my larger contracts. So the BPA or IDIQs that I have that are larger are wonderful for predictability and stability.

But the stuff under the simplified acquisition threshold allows me to grow, too. So, if it is a $240,000 opportunity, I would like that to go to small businesses.

I have been at this a while, right. So, as a company who is 18 years old now, I can still remember what the early days of trying to win my first contracts were like, and those were all under the SAT.

And so, for companies that are just emerging into the federal marketplace—and we want them to stay, and we want them to grow, and we want their innovations, and we want their engagement—we have to make sure that they feel welcomed, and those under SAT contracts really allow them to do that.

Ms. SCHOLTEN. Thank you.

This is not about giving a disadvantageous priority to the underdog. It is about making sure that our more nimble small businesses can actually compete in this space, which is what we want. The competition ensures we are getting the best quality product and the lowest potential price. It is good for business. It is good for national security.

I see that you maybe wanted to weigh in or had some additional thoughts. I would love to hear. I was going to toss it down that way.

Mr. RAMOS. Well, I appreciate that. I am just very engaged.

Using the $240K example, I would challenge any large business in how they are going to manage their overhead so that it is actually cost-effective and best cost for the government.

Ms. SCHOLTEN. Thank you. Thank you.

My last question in my last minute, and we will stick with you, Ms. Tellier. In your testimony, you mentioned that a small fraction of the dollars counted toward the women-owned small business goal are through WOSB contracts. Instead, the majority of those contracts are open competitions with WOSB competing against other small businesses or sometimes large businesses and winning that work. I thought that was a really important point that was worth revisiting.

What can we do to ensure agencies are using these tools as intended and bringing in more women-owned small businesses to compete for contracts, not necessarily automatically be granted them?

Ms. TELLIER. That is a great question.

I think there is an educational component both on the side of industry and the side of government. Contracting professionals have a huge administrative burden, and each of the socioeconomic programs are different.

The WOSB program is the only one that is NAICS limited. They each have their quirks. Making sure that contracting professionals understand that they can and when they can set contracts aside keeps us competing. It keeps us in the pool.

And then, you know, making sure that industry is educated well so that they can beat their large counterparts, which I like to do.

Ms. SCHOLTEN. Thank you. We appreciate it so much.

And thank you for your comments, too, sir.

I yield back.

Chairman LALOTA. The gentlelady yields.

I now recognize my new friend, Dr. Morrison from Minnesota, for 5 minutes.

Ms. MORRISON. Thank you, Chairman LaLota and Ranking Member Cisneros, for holding this hearing.

And thanks to our witnesses for being here to take the time to testify. It has been a really interesting and illuminating conversation. I am grateful for your testimony.

Contracting with federal agencies is an important avenue to help small businesses grow. Unfortunately, as we have heard, the number of small businesses participating in government contracting has decreased over the past decade, and I worry about how this administration's random termination of contracts and abrupt firing of federal employees will impact small businesses' decision to enter into government contracts.

These once secure sources of revenue may now seem too risky for some small businesses. The Trump administration has proposed cutting the Small Business Administration's Contracting Office budget by almost a third. This includes reducing the number of SBA Procurement Center representatives who are critical to ensuring the contracts are written in ways that enable small businesses to compete for them.

Without SBA performing this critical role, agencies are likely to make contracts that are too large for small businesses or have

more requirements than small businesses can meet, essentially making them inaccessible to small businesses.

Ms. Tellier, could you describe how SBA employees have assisted your small business over the years and how cutting members of SBA's Contracting Office, such as Procurement Center representatives, could impact small businesses?

Ms. TELLIER. Yes. It is a great question. Thank you for asking it.

The Procurement Center representatives often are behind-the-scene, unknown advocates to those of us who are small business contractors. They are ensuring that subcontracting plans are adhered to, and they are ensuring competition is maximized practicably within agencies.

The SBA Office of Government Contracting has done a lot with a little for quite a few years. Any further cuts, it affects certification programs. It affects the ability to retain the PCR staff that directly affects small businesses even if many small businesses don't know they are being protected and advocated for by those PCRs.

Ms. MORRISON. Thank you. I share those concerns.

I am also worried about other ways that federal agencies are making it harder for small businesses to compete for contracts. For example, when federal agencies consolidate multiple contracts into a single, larger contract, that puts the contract out of reach for a small business.

So this one is again for Ms. Tellier and Mr. Ramos, too. Both of your testimonies highlight recent changes to how the government conducts market research before a contract can be consolidated. Can you elaborate on the impact on small businesses when billions in contracts are consolidated every year?

Mr. Ramos, we can begin with you.

Mr. RAMOS. That is a fantastic question.

Bundling probably has some place in driving better efficiency in government contracting, but if you are bundling that volume of contracts, that puts it completely out of reach for a small business.

I would say the opportunity, if you want to consolidate contracts, there are a lot of zombie contracts in existence, and the market research should be a little bit more thorough so that those don't come into existence. They cost us money in order to actually secure. No awards actually happen under those contracts.

And so that would be more preferred, in my opinion, if we are taking a consolidation approach.

Ms. MORRISON. Thank you.

Ms. Tellier?

Ms. TELLIER. I would agree with his comments. Category management or bundling just generally goes to the perception. If, as a small business, I don't think I can compete to win, I am not going to spend 75 grand trying to get on a Best-in-Class vehicle that I am not going to get spent on.

I haven't heard it called a zombie before, but I love that word now, and I am going to keep using it. So thank you.

Mr. RAMOS. You are welcome.

Ms. MORRISON. It is apt.

Ms. TELLIER. Yes.

I do think the market research goes a little bit further on that, too. Being able to have that market research involved, engaging with small businesses would allow that input to come into it to avoid the consolidation in the first place.

Ms. MORRISON. Yes.

If a small business' contract is consolidated, what resources or assistance are available for that business from the SBA or the contracting agency?

Ms. TELLIER. I mean, I would start with the OSDBU office within the agency, and then I would rely heavily on the PCR for that region as well. And, if that didn't work, I would call Congresswoman Scholten.

Ms. MORRISON. Good idea.

Thank you so much for your testimony.

And I yield back.

Chairman LALOTA. The gentlelady yields.

After consulting with the Ranking Member, we will now move to our second round of questions under the 5-minute rule.

I now recognize myself for 5 minutes.

Mr. Ramos, I was quite impressed by your resume, including a couple of degrees you have.

Mr. RAMOS. Thank you.

Chairman LALOTA. Chemical engineering degree from MIT.

Mr. RAMOS. Yes, sir.

Chairman LALOTA. And a master of science in chemistry from Tufts. Pretty impressive.

Mr. RAMOS. Thank you.

Chairman LALOTA. When one googles that, one reads that earning a chemical engineering degree at MIT is widely considered as one of the toughest academic paths in higher education.

Yet, even with that strong academic background, you said in a previous round of questioning you had to hire a lawyer in order to go through these massive government applications. You have to consult with 2,000 pages in the FAR.

Even a guy who graduated from MIT in a degree that I don't even understand at all has to do those things. So the point is, how can a regular American go through these processes if the MIT chemical engineering grad has to outsource and bring on an attorney to go through that?

So can you share with me some of the frustrations, experiences, or whatnot you have been through as an MIT grad whose has got a chemical engineering degree and going through some of these onerous government contracts? What burden has it placed upon you personally?

Mr. RAMOS. Well, the first thing is, if an average person wants to do that, they can do it, but they quit their day job. This has to be the only thing that they do. They are not running a company. They are not performing on contracts. They have to spend all of their time doing something like this. A lawyer is necessary.

And some of the frustrations: We see a tremendous amount of variability as well. It is not just that you have a 1,000-page contract or something like that. The next procurement that may come from the next office over may be completely different for the same level of services or the same types of services being provided.

This is a problem because now you may have brought in your lawyer. You may have brought in some friends or colleagues that are former contracting officers in order to try and get through it. You now have the same problem the next day. It continually repeats itself.

Chairman LALOTA. And I want to be very transparent in this. Yes, this Committee wants to make life easier on small businesses. That is, you know, part of our—it is in our wheelhouse. It is not just out of charity and benevolence; we are just being good guys, that we want to make things easier on you. It is out of wanting to have more applications. When we have more applications, the government gets a better price, arguably a better product that can be more on time and a higher quality.

Selfishly, government should want to make it easier on applicants to be a part of the process. We shouldn't want to drown you in paperwork. We shouldn't want you to have to give up your specialty to now become a government applicant specialist.

So tell me a little more about how you have had to outsource that and it affects your ability to focus on what is most important for your business.

Mr. RAMOS. Well, one of the first things you have to remember is, if we have less that we have to do in a procurement, that means we can respond to more, which means we can actually take shots on goal at innovating. We can't do that today. We have to focus solely on the evaluation criteria, which is incredibly rigid.

And so, having to outsource this, we hire a general counsel. There is a tremendous amount of cost that comes with just having lawyers. We have to actually go to our partners that are typically bigger businesses or maybe teaming partners on those. Those are things that we might be able to get just because we are a good firm, and we have got good connections in order to rely on those resources.

Or we might have to hire a complete third-party consultant not only to write that proposal but also have a consultant to help us actually navigate the federal landscape and actually doing business development outside of the procurement process so that we can be positioned just to have a shot at those procurements.

Chairman LALOTA. Ms. Tellier, do you have a similar experience that—the bipartisan Plain Language in Contracting Act is meant to address these issues for all small businesses, either anecdotally or whatnot. Do you have a similar experience as Mr. Ramos?

Ms. TELLIER. I think we all do, candidly. I think we all have an understanding that when we are comparing a commercial opportunity that is 4 pages with a 158-page solicitation, that the risk/reward ratio comes into play there. If we can simplify, that certainly helps.

I would offer that it might not be the most important barrier to entry for small companies, but it is certainly one.

Chairman LALOTA. Thank you.

I am going to yield the rest of my time back and recognize my friend from California, Mr. Cisneros, for 5 minutes.

Mr. CISNEROS. Thank you very much.

Ms. Tellier, I just kind of want to follow up on a previous question that you got, right. Previous efforts have sought to consolidate contracts through initiatives such as category management, consolidating efforts that put contracts out of reach for many small businesses, including some that have previously performed the work.

Can you elaborate more on the cost and requirements for small businesses to get on certain contracting vehicles before you can compete?

Ms. TELLIER. Absolutely.

Any of the multiple award vehicles have a pretty intensive either application process or proposal process. If you do that in-house, that can take somewhere between 20 and 100 hours of time. In a small business, that is, unfortunately, sometimes the owner of the company.

And, to Mr. Ramos' point, that is innovation leaving, and there is a focus on just submitting the process. There is an opportunity cost to my time.

Once I get on that vehicle—now that I know the word "zombie contract," which I am smitten with, clearly—once I get on that vehicle, I might never get spent. There might not be opportunities that come out through it, but I am still responding to task orders on that. If I get on that vehicle, I am still responding to task orders on it.

It is an intense outlay of time and money at the beginning and then it just continues.

Mr. CISNEROS. Mr. Ramos?

Mr. RAMOS. I would maybe amplify the comment. When we have our umbrella contracts, we go after task orders. I have had years where we have hit over a hundred task orders we have had to respond to on contracts that we already own and that we have already won, in addition to trying to secure new work on other federal procurements or even in a non-federal realm.

And so, there is a huge cost outlay in order to do this.

Mr. CISNEROS. All right.

Ms. Tellier, DOGE cuts led to prime contracts, terminating subcontracts with smaller firms, including those by women-owned small businesses, veteran-owned businesses, minority-owned businesses. What was the impact of these terminations for small businesses? What have you heard from your other small business owners?

Ms. TELLIER. It has been quite devastating. Thank you so much for that question. It really hasn't come up.

Having contracts canceled mid-cycle means that there are people that lost their jobs. Those contracts had employees associated with them. The performance of the work statement required bodies. It required input. Some of those inputs had fixed costs that were already sunk into them.

So small business contractors, some of them closed. Some of those contracts were substantial, and they couldn't survive. But what it did for the rest of the contracting community is inject unpredictability, and unpredictability for a small business is just inherent risk.

So I didn't get DOGE'd. You know the verb DOGE'd? I didn't get it. But it is still injected on predictability and to my decisions as a federal contractor.

Mr. CISNEROS. No, I think that is what we heard from many small businesses, right, is that they didn't know what was going to come next. They didn't know. And it doesn't matter whether it was the small businesses. I would say the school districts, everybody, the local governments. We just want to know what is going to happen, right. Just tell us what is going to happen. This unpredictability does not help us at all.

And, if I could just throw one last question in there, and I open this up to the panel. What advice would you give to a small business either just starting out or an existing commercial firm that is interested in contracting with the federal government for the first time? What advice would you give them?

Mr. RAMOS. This is a very expensive endeavor. So, make sure you have your cash flow lined up. The entry-level regulations that you are going to have to meet in order to enter into the federal marketplace is almost insurmountable. For small companies, even established commercial companies, this is a very big challenge.

Mr. CISNEROS. Ms. Tellier?

Mr. ANUMOLU. I would like to give an answer.

Mr. CISNEROS. No, I will get you, sir. I will get you, sir.

Ms. TELLIER. I would weigh in very quickly that there are some fabulous resources that you fund for small businesses who are entering the APEX Accelerators, and the Small Business Development Centers are a great starting point as well, but it is expensive.

Mr. CISNEROS. Thank you.

And, sir, please.

Mr. ANUMOLU. My only request is if they want to start off, be prepared to spend 24 by 7 on this project in a committed way. Otherwise, there will be two losers. One is the person who started the business and also the government.

Mr. CISNEROS. All right.

All right. With that, I yield back my time.

Chairman LALOTA. The gentleman yields.

And we are going to adjourn in a minute, but I want to thank our witnesses for traveling to Washington, for being a part—Mr. Latimer, do you——

Mr. LATIMER. No, thank you.

Chairman LALOTA. Okay.

I do want to thank our witnesses for traveling to Washington. This is insightful. We spent about 1 hour and 20 minutes together having a good dialogue. We read your bios. We read your testimony, but the dialogue that we will be able to have afterwards is productive for this Committee. It does a lot of decent, bipartisan work. We have some differences about some of the things on the fringes, but, for the most part, we agree on a lot, and your testimony helps illuminate some of the things that we are most focused on. So I definitely want to thank you for being a part of that.

Without objection, Members have 5 legislative days to submit additional materials and written questions for the witnesses to the Chair, which will be forwarded then to the witnesses. And I would

ask the witnesses, if you get that correspondence, to please reply promptly.

If there is no further business, without objection, the Committee stands adjourned.

[Whereupon, at 10:51 a.m., the Subcommittee was adjourned.]

APPENDIX

Statement from Rao Anumolu, President & CEO, ASR International Corp.

House Committee on Small Business

Contracting and Infrastructure Subcommittee Hearing: *"Leveling the Playing Field:* Fostering Opportunities for Small Business Contractors"

Tuesday, July 8th at 1:30 PM ET, Hearing Room, 2360 Rayburn House Office Building

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Thank you for giving me the opportunity to share with this committee my experiences and perspectives of being a small business owner for over 38 years providing technical support services to several U.S. Government agencies including the Army, the Navy, the Air Force, NASA, GPO and Fortune 100 commercial customers.

I am extremely grateful to this remarkable great country USA – the land of immense opportunities – for enabling me to pursue my ambition of studying at leading universities and becoming an entrepreneur. I vividly remember June 26th, 2003 when the Honorable Carolyn McCarthy spoke in these august Chamber of U. S. Congress to recognize me and my company – ASR International Corporation for the "tireless efforts in support of our nation's defense." It was an emotional day for me! I am humbled that I was given the opportunity to serve this great nation.

I am very excited by the initiatives this committee and its honorable members are taking to encourage small business participation in federal contracts by levelling the playing field.

This administration's focus on supporting equality of opportunity, based on merit, will encourage small business owners to leverage their inherent ability to do cost-effective value creation to benefit federal contracts. This would be a great and long-lasting achievement of this Congress whose impact would be felt for generations.

I believe that small businesses have the ability to spur faster economic growth by driving innovation, cost-effectiveness, adaptability, resilience and generating new employment opportunities in local communities. The rapid emergence and acceptance of AI is changing, in an unpredictable manner, the way business will be done. Federal

contracting will greatly benefit, with reduced cost and greater efficiency, if the impediments to increased small business participation are removed or at least reduced.

One of the factors that makes America the greatest nation in the world is our reliance on knowledge creation and innovation which drive economic growth. Leveling the playing field recognizes the big role small business can play in our knowledge-based economy.

Based on my personal experience of having performed on multiple federal contracts – some of which are focused on infrastructure improvement for our nation's defense, I respectfully submit that are there at least three leading barriers to small business participation in federal contracts. They need to be addressed to level the playing field.

1. Reduce/eliminate excessive and burdensome Government regulations. Unlike Large Businesses, Small Businesses usually don't have the wherewithal or the financial resources to access and pay for the services of Lawyers, CPAs, Accountants, regulatory compliance SMEs required to comply with the Government regulations. These costly resources do not improve service delivery but only increase the cost of Government contracts with no tangible value-add or benefits. In addition, this unnecessary burden discourages even highly qualified and experienced small business, like ASR, from bidding because of the huge costs (time, effort and financial) involved in complying with these regulations. They help no one but only prevent the Government from benefiting from cost-effective, high-quality, and innovative services which many qualified small business can provide. Small business are forced to dedicate their precious and limited resources to regulatory compliance rather than focus on growth, exploring new business opportunities, research new and emerging technologies (for example AI) so that these benefits can be applied to federal contracts. AI is opening the doors for productivity improvement, increased efficiency, new models of service delivery. Small business, if unshackled from burdensome and business stifling avalanche of federal regulations, will make substantial contributions to the AI revolution. Small business have the perseverance, resilience, capability, innovation capabilities, and the agility to help usher in the AI era.

2. Simplify bidding process.

There is an urgent need to provide clear, precise, accessible and relevant information in federal contract documents so that small business have the opportunity to compete with a level playing field. Federal contract documents should strive to remove unintentional barriers to small business participation. These include complex Government jargon (which shrouds the real intent of the bid), not clearly specifying the applicable Executive Orders / FAR clauses, requiring evidence of performance on large value contracts which effectively prevents new entrants, not providing the incumbent information, requiring submission of specific information (example – case studies on actual operations) such that it gives the incumbent large business unfair competitive advantage, requiring commitment to provide infrastructure facilities (such as office space, conference rooms, warehouse space etc.), which small business cannot provide unless they are assured of a contract award. It is my experience that for many federal contracts my company could have cost-effectively provided the required services to the federal agencies but for these constraints which prevented us from bidding. Please make Congressman LaLota's 'Plain language in contracting Act' effective in all federal contracts especially DoD.

3. Improve availability of financial assistance / resources through Government agencies and financial institutions.

Small Business face several financial barriers when bidding on federal contracts. These include capital requirements, adequate line of credit, working capital and cash flow requirements. Small business struggle to meet the cash flows (especially to meet the payroll) because of the lengthy payment terms and delayed payment for services delivered on federal contracts. Small business also have limited or non-existent sources for working capital / line of credit requirements. The criterion commercial financial institutions / large national banks often apply to evaluate credit worthiness / risk assessment of small business working on federal contracts (even when these contracts are of national strategic importance) often results in denial of these facilities. Small business owners' greatest asset is their knowledge base, their grit, resilience and determination to contribute to their communities and grow the local economy. Large / national financial institutions ignore these knowledge-based assets of small businesses

when determining their credit worthiness. This results in small business owners forced to use their limited personal resources and assets to cover the upfront investment in resources, hiring personnel, managing staffing, material costs and cashflows long before any payment is received. Even highly qualified and experienced small business, with proven track record of performance, find it difficult to compete because of the advantage large corporations / business have based on their financial relationship with financial institutions and access to credit facilities.

In addition to suggestions above, I also want to briefly mention two other areas which need to be addressed for levelling the playing field for all small business.

4. Alaskan Native companies (ANC) and Hawaiian Native Companies (HNC):

For federal contract awards, currently Alaskan Native companies and Hawaiian Native companies are given preferential treatment. These entities should be treated just like any other small business to ensure equality of opportunity, based on merit, for all small business.

5. Transparency in FAR 52.222-41 (Service Contract Act & Wage Determinations)

Federal contracts utilizing the SCA FAR clauses include the 'prevailing' wage in the contract documents but are vague on the wages that the Government expects the employees, deployed on the federal contract, be paid. Moreover industry has no transparency into how these Wage Determination WD wages are determined. Engagement of industry in this process would be better for the employees and the small business owners and greatly help in levelling the playing field.

Thank you for giving me this opportunity to present my experiences and perspective as a small business owner.



Testimony of

Michael Ramos

President, Raymond Global

House Committee on Small Business
Contracting and Infrastructure Subcommittee

"Leveling the Playing Field: Fostering Opportunities for Small Business Contractors"

September 10, 2025

Chairman LaLota, Ranking Member Cisneros, and Members of the Subcommittee, thank you for the opportunity to testify before you today. My name is Michael Ramos, and I am honored to serve as President of Raymond Global, a second-generation, family-owned architecture and engineering firm founded in 1992 by my father, Raymond Ramos, PE, RRC. What began as a small roof consulting and design practice in the greater Atlanta area has now steadily grown into a full-service architecture and engineering firm with a national presence.

For its first decade, our company focused largely on K-12 schools and municipal projects. In 2005, we began a deliberate effort to expand beyond a one-person consultancy, and since that time, Raymond has averaged nearly 20 percent year-over-year growth. By the end of 2025, we expect to employ 120 professionals with expertise in architecture, interior design, structural engineering, mechanical, electrical, and plumbing systems, civil engineering, and building envelope services.

The SBA 8(a) program and our certification as a Service-Disabled Veteran-Owned Small Business (SDVOSB) were crucial to our development, providing opportunities that helped us build a performance track record and diversify into broader markets. Although we have since graduated from these programs, Raymond continues to work extensively with the Department of Defense (DoD) and actively participates in the SBA Mentor-Protégé Program. Beyond my role at Raymond, I also serve as Chair of the GovCon Small Business Coalition, representing small and midsize contractors advocating for policies that support business growth and strengthening of the defense industrial base.

This hearing comes at an especially pivotal moment. With significant changes underway in the federal acquisition landscape, it is imperative that small businesses remain central to innovation and competitiveness. Today, I would like to highlight several pressing issues that affect firms like mine and the broader small business community.

Ensuring Effective Implementation of the Cybersecurity Maturity Model Certification (CMMC)

There is no doubt that cybersecurity is vital to national security. The threat from sophisticated, state-sponsored cyber actors is real, and small businesses strongly support efforts to raise cybersecurity standards across the defense supply chain. However, the implementation of CMMC 2.0 imposes costs and uncertainties that disproportionately impact small firms.

Unlike large prime contractors, which often employ dedicated compliance, IT, and legal teams, small businesses must depend on external consultants, software vendors, and managed service providers to achieve certification. These costs are significant. At Raymond, compliance with a Level 2 certification will cost approximately $500,000, including system upgrades, consultant fees, compliance documentation, third-party assessments, and the hiring of dedicated IT staff. These expenses are not one-time investments – certification must be renewed every three years. For firms operating on thin margins, the recurring nature of these costs is destabilizing.

Our experience is far from unique. At recent industry conferences, many firms expressed profound concern that they cannot afford to comply, with some considering leaving the federal market altogether. For example, a fellow business owner operating a one-person firm reported spending more than $30,000 to achieve compliance. These are not isolated incidents – they represent a structural barrier that could push small businesses out of the defense supply chain at a critical time.

Equally concerning is the lack of clarity around how Controlled Unclassified Information (CUI) will be managed. In classified settings, dedicated classification managers ensure consistency. Under CMMC, no such mechanism exists. The result has been broad and indiscriminate application of the CUI label, with the costs of compliance falling on contractors. For small businesses, this uncertainty compounds the already high burden. Without adjustments, CMMC may unintentionally exclude the very firms whose agility and innovation the Department of Defense has long depended upon.

In June, the Small Business Administration Office of Advocacy issued a letter to the Department of Justice's Anti-Competitive Regulations Task Force and the Federal Trade Commission, highlighting that small businesses nationwide view CMMC compliance as a burden, and urging DoD to reengage with the small business community to address these concerns. I commend Congressman Scott Fitzgerald for offering an amendment to the National Defense Authorization Act (NDAA) for fiscal year 2026 directing the Defense Department, SBA, and IRS to report to Congress on the resources available to small businesses to achieve CMMC compliance. I also thank the Senate Armed Services Committee for including language in their report to accompany the FY2026 NDAA noting the burdens of CMMC compliance on small businesses and directing the Defense Department to provide a comprehensive small business cybersecurity support strategy. I encourage the House to adopt the Fitzgerald amendment and press DoD to provide resources that help small businesses achieve CMMC compliance – securing the defense industrial base.

Streamlining Acquisition Processes

Small businesses are not only held back by the technical requirements itself but by the complexity of the acquisition process. Federal solicitations are often confusing, inconsistent, and resource-intensive to interpret.

The proliferation of Requests for Information (RFIs) illustrates this challenge. Contractors regularly submit RFIs seeking clarity on formatting requirements, scope of work, or evaluation criteria. This slows down the process and forces small businesses to expend resources without certainty of outcome. In some cases, solicitations are cancelled entirely, wiping out weeks of effort. The costs are not only financial, but systemic. Poorly drafted solicitations often lead to protests, which are particularly devastating for small businesses. A notable example is the AE NEXT Pool 2 procurement, which was awarded three times, protested twice, and ultimately cancelled due to

unclear evaluation criteria. For small businesses, these outcomes mean wasted resources and lost opportunities.

A major contributor to this problem is inconsistency between Sections L and M of Requests for Proposals. These sections often conflict, forcing small businesses to make difficult choices about how to structure proposals. Even highly qualified firms can be disqualified or downgraded due to these contradictions. Standardization would help immensely. Further, different offices within the same agency often issue solicitations for identical services with widely varying requirements. For firms like mine, this means drafting new proposals from scratch for each opportunity, even when the work is essentially the same. Our proposals often exceed 100 pages – an enormous investment of time and resources. Greater uniformity across solicitations could reduce barriers to entry and allow more firms to participate in the federal marketplace.

One of the stated outcomes of the recent Federal Acquisition Regulation (FAR) overhaul effort underway is simplification of the market research requirements, which is long overdue. While market research is critical to ensuring small business work is set-aside, I believe changes should be made to simplify the response requirements placed on small businesses. However, it is worth noting that in FAR Part 10 rewrite that was published earlier this summer, language requiring set-aside analysis was removed. Contracting officers are no longer explicitly instructed to use market research to determine whether an acquisition should be a small business set-aside under FAR Part 19. Additionally, requirements for agencies to conduct market research and consult with small business specialists and SBA representatives before consolidating or bundling contracts were eliminated. These changes will most definitely have a negative impact on small business contractors, and I would encourage the Committee to take a close look at the rewrite of this and other FAR parts to ensure they do not simply benefit the large federal contractors.

The Mentor-Protégé Program's Impact on Competition

The SBA's Mentor-Protégé Program has been transformative for firms like mine. By pairing small businesses with experienced mentors, it has enabled growth, broadened capabilities, and opened opportunities for joint ventures (JVs) to compete. Raymond has directly benefited from this program and continues to value it. However, the expansion of Mentor-Protégé Joint Ventures (MPJVs) has dramatically altered the competitive landscape. Increasingly, solicitations draw responses exclusively from MPJVs, leaving fewer opportunities for independent small business primes. In several recent procurements, only MPJVs were shortlisted.

While the benefits of the program should remain available, reforms are needed to restore balance. Potential solutions include:

- Restricting large firms to one protégé per NAICS code or group of related NAICS codes.
- Establishing dedicated pools of contracts eligible for MPJVs.

- Guaranteeing a portion of small business opportunities exclusively for small business primes or small–to–small JVs.
- Dedicating a specific number of slots on contract vehicles for MPJVs and a specific number of slots for small business primes.

Such adjustments would preserve the program's benefits while ensuring that independent small businesses can still compete effectively.

SBA's New Mergers & Acquisitions (M&A) Rule

On December 17, 2024, the SBA issued a final rule that significantly alters contracting policies, including those governing mergers, acquisitions, and joint ventures. While introduced as a HUBZone-related update, the rule included sweeping changes under "Other Small Business Programs" that directly affect M&A activity.

The final rule requires small businesses that undergo a sale after January 17, 2026, to recertify their size status within 30 days. This recertification makes them ineligible to bid on new task orders under existing contracts or contract vehicles. The impact is severe: the value of many small businesses lies in holding multi-year contracts. If these contracts cannot be executed after a sale, the company's equity declines sharply, and buyers lose confidence in acquiring small firms.

The rule also creates artificial market distortions. By establishing January of next year as a hard deadline, it pressures firms to rush transactions before that date, regardless of whether the timing makes strategic or financial sense. This undermines the stability of both sellers and buyers. Given the current Administration's emphasis on curtailing regulations issued by agencies that are not statutory or Congressional direction, we believe Congress should work with SBA to revisit this rule. Restoring the prior approach or at least providing more transition time would protect small business valuations and prevent further contraction of the federal industrial base. Without changes, many owners may see the value of their life's work diminished, while more firms could exit the federal market entirely.

Addressing Inflation and Updating Size Standards

Inflation has created a significant and often misunderstood challenge for small businesses in the construction sector, particularly those operating under NAICS code 236220 for Commercial and Institutional Building Construction. The post-pandemic economic landscape has been defined by unprecedented spikes in the costs of essential materials like lumber, steel, and concrete, alongside a tight labor market driving up wages. For a construction firm, these are not just minor overhead increases; they are direct, substantial escalations in the cost of goods sold. While a company's gross revenue may rise to reflect these pass-through costs on projects, this top-line increase is a distorted

reflection of the company's actual health and size, masking stagnant or even shrinking profit margins.

This phenomenon leads to what can be termed "phantom growth," where a business is pushed toward the SBA's size threshold not by genuine expansion, but by inflationary pressures beyond its control. Under NAICS 236220, a firm is considered small if its average annual revenue over five years remains below $45 million. A company that was comfortably operating at $35 million annually before the pandemic could easily see its revenues surge past the $45 million mark simply by bidding on the same size and number of projects, but with inflated material and labor costs baked in. Consequently, these firms risk "graduating" from small business status and losing access to vital set-aside contracts, mentorship programs, and other support systems, despite not having the increased capital, workforce, or infrastructure that typically accompanies authentic business growth.

The problem is critically compounded by the federal government's reliance on outdated economic data to set and adjust these size standards. The current benchmarks used by SBA in their methodology are largely influenced by figures from the 2017 Economic Census, a period that represents a vastly different economic reality. This five-plus-year data lag means the standards fail to account for the recent, extraordinary inflationary cycle. As a result, the financial pressures and operational scale of a $45 million firm today are fundamentally different from what they were in 2017. This mismatch leaves many construction firms in a precarious middle ground – too large by outdated metrics to qualify for small business support, yet too small in real terms to compete effectively against giant corporations in the unrestricted marketplace.

Therefore, updating the SBA's size standards to reflect current market conditions is not just an administrative adjustment: it's a critical necessity for maintaining a fair and competitive industrial base. By recalibrating the revenue thresholds using present-day cost data, the government can ensure that the distinction between "small" and "large" is based on genuine business scale, not inflationary distortions. Failure to do so risks artificially shrinking the pool of eligible small businesses – reducing competition, stifling innovation, and ultimately weakening the supply chain for federal construction projects. A timely and realistic adjustment would preserve the integrity of small business programs and support the continued viability of firms that are, by any practical measure, still small.

I am encouraged by SBA Office of Advocacy's engagement on this issue, holding a roundtable on the methodology last year and an upcoming industry session on the proposed rule. This office is key to elevating industry's voice on how SBA's policies impact small business contractor growth and success. Additionally, I would like to thank the Committee for highlighting this subject by holding a hearing in February 2024, "Under the Microscope: Reviewing the SBA's Small Business Size Standards." This led to productive industry conversations with the agency, and I encourage

the Committee to stay engaged with SBA throughout their rulemaking process to ensure their final size standards rules do not hamper business growth.

The Need for a Small-to-Large Transition Program

The federal system recognizes only two categories: small and large. There is no intermediate classification for midsize businesses. This binary structure creates what is commonly called the "contracting cliff." The data is sobering. Only 2.5 percent of small businesses that graduate beyond size standards remain federal contractors after five years. Between 2006 and 2020, just 7 percent successfully transitioned to winning unrestricted awards. This lack of a transition pathway incentivizes advanced small businesses to remain at the top of the small category, creating a bottleneck that prevents new entrants from gaining a foothold.

At the same time, the number of new businesses entering the federal market has fallen by 80 percent over the past 15 years. This contraction erodes competition, stifles innovation, and weakens the defense industrial base. A structured transition program is urgently needed. Such a program would allow advanced small businesses to gradually compete in larger procurements while still retaining some protections. This encourages healthy growth, supports innovation, and strengthens the diversity of the contractor base.

Codifying the Rule of Two

As the General Services Administration (GSA) and the Office of Management and Budget (OMB) undertake the monumental and necessary task of rewriting the FAR, it is imperative that this effort does not inadvertently strip away the vital small business protections and requirements that have been the bedrock of our federal marketplace for decades. These regulations, such as the "Rule of Two" and the various socioeconomic set-aside programs, are not mere administrative burdens; they are the intentional mechanisms that ensure a fair proportion of federal spending supports the engine of our economy – America's small businesses. Streamlining regulations should not be synonymous with eliminating safeguards. To do so would concentrate federal contract awards among a dwindling number of large firms, stifle innovation, and ultimately weaken the industrial base that our nation's security and economic health depend upon. We must ensure that a modernized FAR builds upon, rather than erodes, the foundational principles of competition, fairness, and opportunity for small businesses.

I would also like to express my strong support for H.R. 2804, the *Protecting Small Business Competitions Act of 2025*. This legislation codifies the long-standing "Rule of Two," a safeguard that ensures small business opportunities remain central to federal procurement. Protecting this rule by codifying it into law will preserve small business competitions and enable small contractors to enter, compete, and remain vital participants in the industrial base.

Although the Rule of Two has existed for decades and has been repeatedly affirmed by the courts, this legislation is both necessary and timely. In a contracting environment increasingly dominated by large governmentwide vehicles, small firms face the real risk of being crowded out. By codifying the Rule of Two, Congress would eliminate ambiguity in procurement practices, strengthen fair competition, and reaffirm the federal government's commitment to sustaining small business participation.

The benefits of this legislation are clear: it maintains fair competition by removing uncertainty in procurement rules and allowing small businesses a stronger opportunity to succeed. The need for this legislation is underscored by troubling trends. Over the past decade, the number of small businesses receiving federal contracts has fallen by 50 percent, and nearly 60 percent fewer new firms are entering the marketplace. Without corrective action, the small business industrial base will continue to erode, weakening both innovation and America's long-term competitiveness. Therefore, I urge Congress to act swiftly in passing H.R. 2804 and its Senate companion bill, S. 2656. Codifying the Rule of Two is essential to preserving the small business share of federal contracting and ensuring that small firms remain vital contributors to our national security and economic strength.

Conclusion

The strength of America's defense industrial base depends on the vitality of small businesses. Yet rising compliance costs, overly burdensome acquisition processes, structural imbalances in the Mentor-Protégé Program, and the unintended consequences of new SBA rules all pose significant risks. If left unaddressed, these challenges will weaken competition, limit innovation, and undermine national security.

Congress has the opportunity to address these issues by updating size standards, reforming acquisition practices, balancing Mentor-Protégé competition, and establishing a structured small-to-large transition program. Taken together, these steps will help ensure that small businesses continue to contribute to our national security and economic strength.

Thank you for the opportunity to share my testimony. I look forward to working with the Subcommittee to advance policies that support America's small businesses and strengthen our defense industrial base.

Testimony of Sue Tellier
President and CEO, JetCo. Federal

Prepared for the House Small Business Subcommittee on Contracting and Infrastructure

September 10, 2025

"Leveling the Playing Field: Fostering Opportunities for Small Business Contractors"

Good morning Chairman LaLota, Ranking Member Cisneros and Members of the subcommittee. My name is Sue Tellier, and I am the President and CEO of JetCo, a Small Business Administration (SBA) certified Women-Owned Small Business (WOSB). I also serve as the Chair of the Board of Women Impacting Public Policy (WIPP), a national nonpartisan organization advocating on behalf of women-owned businesses.

Thank you for inviting me to speak before the subcommittee.

Background

JetCo is a prime federal contractor. We are obsessed with efficient warehouses, leading us to design, produce, and deliver complex packaging solutions; perform storage and distribution services; and transport into secure facilities. 80% of our work serves the defense industrial base, and my employees are proud to support the warfighter, albeit in a very behind-the-scenes role. We won our first DoD contract in 2009, and we have continuously increased our role in supporting the missions of the Defense Logistics Agency, the Army, and the Navy. We also support our state government, and several other federal agencies. In business since 2007, I can put aside my midwestern humility to say that we built a successful reputation as a reliable partner for mission fulfillment.

Before starting JetCo and transitioning to the private sector in 2007, I worked in procurement marketing for the Michigan Department of Management and Budget (DMB). As DMB's head of Supplier Diversity and Business Outreach, I trained more than 4,300 companies, teaching them how to bid on and win state government contracts. Most of these businesses were under-represented in state contracting, and our outreach efforts contributed to an increase in bidding on state contracts. This expansion of our state contracting pool, particularly among innovative small businesses, made our supplier diversity program successful.

I appreciate the opportunity to discuss the barriers to entry, and competition that small business contractors are facing in the current marketplace. The committee's focus today is timely and important, to address challenges that have faced federal agencies and the small business contracting community for many years, including the shrinking supply base, and to explore the implications of the Federal Acquisition Regulations (FAR) rewrite.

Shrinking Industrial Base

Since 2010, the number of small businesses winning federal contracts has decreased by 50 percent, even as contract spending has increased.[1] The market is steadily contracting, and becoming more stratified at the top, with the 20 largest vendors averaging 50% of all DOD spending. One contributing factor to the shrinking industrial base, in addition to acquisitions, is the application of category management. While it makes sense in practice, it has become anti-competitive, as it gives larger corporations easier access to fast-track Best-in-Class (BIC) contracting vehicles and demotes small business set-asides. This increases the likelihood of large corporations winning future awards versus fostering a more competitive field of small contractors. The businesses most impacted by these practices are the small, innovative firms, which ultimately results in higher prices for both the government and US taxpayers as the marketplace becomes less competitive.

Another contributing factor is the potential weakening of the Rule of Two. This requirement—that contracts be set aside for small businesses when two or more are able to perform – has historically been a bedrock protection for small contractors. Its erosion – or even the unpredictability of that erosion – particularly in the context of government-wide vehicles, reduces opportunities for smaller, more innovative firms and instead accelerates consolidation among large incumbents. Without this safeguard the government risks hollowing out its small business supplier base, undermining both competition and innovation.

Revolutionary FAR Overhaul

The FAR changes released so far are concerning for many small businesses, particularly the transformation of FAR Part 10 and the new direction for Market Research.

The FAR Council has drastically streamlined FAR Part 10, trimming it down to three very limited market-research triggers: for new requirements, acquisitions over the Simplified Acquisition Threshold, and IDIQ orders over the same threshold.[2] More prescriptive triggers—such as those related to bundling, consolidation, and small business outreach—have been removed. References to small-business consultation and set-aside considerations have been stripped altogether, and the "menu" of detailed research techniques previously required has been eliminated. While agencies are directed to emphasize commercial solutions, the procedural guardrails that once ensured inclusive industry outreach, especially to small businesses, are gone.

For experienced government vendors like JetCo, transitioning to a new regime with fewer guardrails means increased risk. There's no longer a mandated pause to engage small-business advocates, notify incumbents, or explore set-aside potential. Instead, agencies may proceed quickly—potentially overlooking small-business opportunities unless contracting officers consciously uphold Parts 7 and 19.

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[1] Under the Microscope: Reviewing the SBA's Small Business Size Standards. Hearing before the H. Comm. on Small Business, 118 Cong. (2024) (Statement of Chairman Roger Williams).
[2] Market Research Slimmed Down: How the FAR Part 10 Overhaul Impacts Government Contractors. *PilieroMazza.* May 2025.

The concern is that under pressure to move fast, agencies will default to expedience, narrowing competition and sidelining small, innovative firms.

If small businesses continue to face barriers to pairing on vehicles or gaining meaningful exposure in market research, we should not be surprised when fewer remain engaged in federal contracting.

Rule of Two

Of particular concern in the FAR Rewrite is the future of the Rule of Two. The FAR Council withdrew the proposed regulation which would have imposed the Rule of Two on most contracting vehicles. Last year, the SBA asserted that applying the Rule of Two to multiple-award contracts could add up to $6 billion per year in new small business contract spending.[3]

It is not enough for this authority to exist on paper; there must be clear, enforceable processes that require contracting officers to apply it. The Rule of Two provides small businesses with confidence that their investments of time and resources can lead to meaningful wins — not just $249,000 awards, but contracts worth millions. Without that confidence, small firms will inevitably shift their focus to the commercial market, which offers fewer barriers and a more welcoming environment.

Let me emphasize this point – small business owners and business developers must make rational business decisions about their time budgets. When we weigh the opportunity cost of government vs. commercial pursuits, government rarely wins. Many of us are here because of passion and purpose.

In that vein, my true concern extends beyond small business. Socio-economic set-aside programs are not acts of charity; they ensure that the government benefits from the innovation, competition, and value small businesses bring. Weakening the Rule of Two shrinks the pool of qualified contractors, leaving agencies increasingly reliant on a narrower group of large incumbents and therefore reducing the government's purchasing power. It is not good business, or good government to have a stratified contractor pool.

As an SBA-certified WOSB, I see this firsthand. Of the more than $30 billion credited toward the WOSB goal, only $1.75 million came through WOSB-only competitions. Other programs fare only slightly better: in FY23, just over $3 billion of the $17.5 billion counted toward HUBZone goals were awarded through HUBZone set-asides—about 17%. And when the Department of Veterans Affairs' unique Vets First program was excluded, SDVOSB set-asides totaled only $5.5 billion.

Small Business Personnel

Contracting officers are often committed to supporting small business participation, but they face conflicting requirements and heavy administrative burdens. The FAR rewrite presents a pivotal opportunity to address these challenges. Retaining and codifying the Rule of Two—making it a true "shall" requirement applied consistently across vehicles—is essential to keeping small and diverse firms

[3] It Takes Two: SBA Proposes Applying "Rule of Two" to Multiple-Award Contracts. *Covington.* October 2024.

engaged in the federal marketplace. Without it, the supplier base will continue to consolidate, innovation will diminish, and agencies will have fewer options to meet their missions.

Throughout my 16 years as a federal prime contractor, I have had the pleasure of working with truly exceptional professionals in several DoD Offices of Small Business Programs. They guide contracting professionals and small businesses regarding the processes and requirements, and they assist in a post-award manner. With a contract portfolio that leans toward DoD, I have been consistently impressed by the Defense Logistics Agency OSBP staff. They go out of their way to interact with industry, and they are candid in their feedback. This is important, because small business owners need (and usually appreciate) honest input that might save them time and make them more effective. Recently, I had a late payment experience on a significant contract. The OSBP helped me get the product received correctly so DFAS could process. They help on a pre-award and a post-award basis, and their assistance is extremely valuable for small federal contractors.

For this reason, I'm also concerned about the proposed funding reductions for the SBA Office of Government Contracting and Business Development (GCBD). GCBD's stated purpose is to "to create an environment for maximum participation by small businesses, especially disadvantaged, women-owned, and other eligible small firms, in federal government contracts and subcontract awards." In FY25, GCBD received $14.6 million, which has supported crucial programs to promote small business, provide mentorship and educational opportunities for small businesses in addition to implementing programs for small business set-aside programs. The President's Budget for FY26 includes a reduction of $4.7 million, which is nearly a third of GCBD's funding.[4] This funding cut will affect their ability to fulfill their mission, and this mission is valuable for small businesses to continue participating in the federal contracting space.

In order to level the playing field for small businesses and attract new entrants to the federal marketplace, the government must take deliberate steps to ensure contracting vehicles are structured for small business participation. This includes codifying the Rule of Two and applying it consistently to vehicles so that small businesses have a fair shot at winning awards. With the FAR undergoing its most significant rewrite in decades, this is the moment to remove longstanding barriers to entry—not entrench new ones that will drive down competition and push out small firms. At the same time, lawmakers must ensure that the rewrite process is transparent and accountable, and they must provide adequate funding for small business contracting advocates at SBA and across federal agencies.

I would also like to again emphasize that small and socio-economic set-aside programs are not acts of charity. They exist to ensure the government benefits from the innovation, competition, and value that small and diverse businesses bring to the table. By broadening participation, these programs expand the supplier base, strengthen competition, and deliver better outcomes for agencies and taxpayers alike.

Small businesses are not just beneficiaries of federal contracts—they are essential partners. They bring innovation, agility, and cost savings, while providing the government and taxpayers with more options to meet mission needs quickly and effectively. The innovation they deliver also strengthens America's

[4] U.S. SMALL BUS. ADMIN., FISCAL YEAR 2026 CONGRESSIONAL BUDGET JUSTIFICATION & FISCAL YEAR 2026 ANNUAL PERFORMANCE PLAN (May 30, 2025).

competitive edge in the global marketplace. Protecting and expanding their role in federal procurement is not only sound policy – it is a strategic imperative.

Again, I appreciate the opportunity to testify today, and I look forward to answering any questions you may have.

Thank you.



September 10, 2025

The Honorable Nick LaLota
Chair
House Committee on Small Business
Subcommittee on Contracting and Infrastructure
U.S. House of Representatives
Washington, DC 20515

The Honorable Gil Cisneros
Ranking Member
House Committee on Small Business
Subcommittee on Contracting and Infrastructure
U.S. House of Representatives
Washinton, DC 20515

Dear Chairman LaLota, Ranking Member Cisneros and Members of the House Committee on Small Business Subcommittee on Contracting and Infrastructure:

On behalf of Associated Builders and Contractors, a national construction industry trade association with 67 chapters representing more than 23,000 members, I appreciate the opportunity to comment on the committee's hearing, "Leveling the Playing Field: Fostering Opportunities for Small Business Contractors." The majority of ABC's general contractor and subcontractor members qualify as small businesses as defined by the Small Business Administration. The industry consistently has one of the highest concentrations of small business participation, and its members play an integral role in building America's infrastructure.

Small businesses are the backbone of the construction industry. In fact, 81% of all construction firms have fewer than 10 employees while 99% have fewer than 100, underscoring the dominance of small operations across the sector. These firms don't just exist in large numbers—they also drive job creation. Currently, 69% of the construction workforce is employed by companies with fewer than 100 employees, illustrating the central role that small and mid-sized businesses play in sustaining the industry's labor force.

Despite these statistics, the Biden administration introduced a series of regulations that placed heavy burdens on Main Street contractors. Even more concerning, the Trump administration has doubled down on a Biden-era policy that is driving up costs for taxpayers and restricting the overwhelming majority of the construction industry from competing to win work.

On June 12, the White House Office of Management and Budget announced that it will continue to enforce former President Joe Biden's Executive Order 14063 and final rule mandating project labor agreements on federal construction projects valued at $35 million or more. This mandate discourages competition from potential bidders by forcing contractors to sign union collective bargaining agreements, hire workers from union halls and apprenticeship programs and accept compulsory union representation on behalf of any members of their existing workforces.

With a record-high 89.7% of the construction industry workforce choosing not to belong to a union, the Trump administration is promoting a policy that restricts qualified contractors around the country from competing on federal and federally assisted work while increasing the cost of taxpayer-funded projects by 12% to 20%. Merit shop contractors have the skills and success record to build and repair America's infrastructure without the restrictions of a PLA, and the American people deserve the most responsible investment of their tax dollars.

The continuation of this failed policy presents a significant barrier to entry for small businesses. Up to 90% of the work on a typical federal construction project is performed by subcontractors and second-tier contractors, many of which are small businesses. With as many as 50 different small subcontractors involved on a single project, such mandates unfairly limit opportunities for small firms that may be unable or unwilling to operate under the terms of a PLA.

The PLA mandate represents a significant escalation of an ongoing trend of federal regulations and policies that have reduced small business participation in federal construction contracting. Small businesses have suffered a 60% decline in the number of construction firms awarded federal contracts from 2010-2020, according to SBA data. The PLA mandate will continue to exacerbate this issue if it is left in place.

This mandate also effectively prevents many small, women-, veteran- and minority-owned construction businesses and their workforce from participating on federal projects. Importantly, we believe that any federal investment in construction, including our nation's infrastructure, must ensure opportunity to all Americans, regardless of labor affiliation.

It is crucial that we take the necessary steps to ensure that small businesses are no longer burdened by excessive red tape and restrictive mandates. For this reason, ABC calls on President Donald Trump to reverse course, end government-mandated PLAs and implement a policy that supports fair and open competition in the federal procurement process.

By addressing harmful policies, we can help level the playing field for Main Street America. ABC remains committed to supporting the growth and success of small business contractors, and we look forward to working with the committee to put small businesses first.

Sincerely,



Kristen Swearingen
Vice President, Government Affairs

ALETO, INC.

July 9, 2025

The Honorable Nick LaLota
Chairman, Subcommittee on Contracting and Infrastructure
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Gil Cisneros
Ranking Member, Subcommittee on Contracting and Infrastructure
U.S. House of Representatives
Washington, D.C. 20515

Subject: Statement for the Record – Hearing: "Leveling the Playing Field: The State of Small Business Contracting" (July 8, 2025)

Dear Chairman LaLota and Ranking Member Cisneros:

On behalf of Aleto Inc., an SBA-Certified small, disadvantaged business based in Arlington, Virginia, I am writing to express strong support for maintaining the SBA's longstanding "Rule of Two," which has served as a cornerstone of small business participation in federal contracting.

As a small business owner, I've witnessed firsthand how the Rule of Two ensures equitable access to federal contracting opportunities. It requires agencies to set aside at least two capable small businesses for fair market price acquisitions, reducing the likelihood they will bypass small business engagement. Without it, many of us would be systematically excluded from competing, not due to merit or capacity, but due to structural disadvantage.

Eliminating or weakening the Rule of Two would reduce competition and innovation in the federal space and deeply undermine the government's goals for small businesses. Set-asides are often the only viable entry points for businesses like mine to participate and grow in the wake of growing industry consolidation.

I urge the Subcommittee to protect and reaffirm the Rule of Two, ensuring any revisions to the FAR or acquisition policies don't diminish small businesses' role in federal procurement. It's not just a procedural rule; it's an economic engine that fosters entrepreneurship, creates jobs, and sustains local communities nationwide.

Thank you for your leadership and holding this critical hearing. We're grateful to advocate for the continued protection of small businesses' access to federal opportunities.

Sincerely,

Luis M. Viera
President, Aleto Inc.

KARRINGTON
CLINICAL LABORATORY

Subject: Please Support H.R. 2804 and Protect the Rule of Two for Small Businesses

To:

The Honorable Nick LaLota

Chairman, Subcommittee on Contracting and Infrastructure

U.S. House of Representatives

Washington, D.C. 20515

The Honorable Gil Cisneros

Ranking Member, Subcommittee on Contracting and Infrastructure

U.S. House of Representatives

Washington, D.C. 20515

Dear Chairman LaLota and Ranking Member Cisneros,

I write to you as a strong advocate for small businesses and their critical role in driving innovation, job creation, and economic resilience in our country. I respectfully urge your leadership and bipartisan support for H.R. 2804 — The Protecting Small Business Competitions Act of 2025 — which seeks to codify the "Rule of Two" into statute and ensure the continued inclusion of small businesses in federal procurement.

The Rule of Two is a time-tested policy that requires contracting officers to set aside contracts for small businesses when market research indicates that at least two qualified small businesses can perform the work at a fair market price. This provision has been instrumental in providing fair competition opportunities for small firms, including those owned by veterans, minorities, women and other underserved groups.

However, due to current federal deregulation efforts aimed at removing provisions not explicitly codified in statute, the Rule of Two is now at risk of being eliminated from the Federal Acquisition Regulation (FAR). This potential change is not a reflection of the Rule's value, but rather a

KARRINGTON
CLINICAL LABORATORY

technical consequence of the administration's regulatory review process. Without statutory protection, small businesses stand to lose a vital pathway to participate in government contracting.

H.R. 2804 would preserve this essential safeguard by codifying the Rule of Two for all federal agencies. Doing so would provide consistency and fairness in procurement practices, encourage innovation by engaging a broader range of suppliers, and promote economic stability in local communities across the country. It would also strengthen the ability of small businesses to plan, grow, and contribute meaningfully to our nation's economy.

As members of the Subcommittee on Contracting and Infrastructure, your leadership is essential in ensuring equitable access to federal contracting opportunities. I respectfully ask for your support of H.R. 2804 and urge you to champion the voices and contributions of America's small businesses.

Thank you for your continued service and commitment to small business advancement.

Sincerely,
Henry H Bell Jr MD

President

CMGT

July 9, 2025

The Honorable Nick LaLota
Chairman, Subcommittee on Contracting and Infrastructure
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Gil Cisneros
Ranking Member, Subcommittee on Contracting and Infrastructure
U.S. House of Representatives
Washington, D.C. 20515

Subject: Statement for the Record – Hearing: "Leveling the Playing Field: Fostering Opportunities for Small Business Contractors" (July 8, 2025)

Dear Chairman LaLota and Ranking Member Cisneros:

Thank you for holding this hearing to explore how Congress can strengthen opportunities for small business contractors in the federal marketplace.

As the founder of CMGT, an, SBA-certified economically disadvantaged woman-owned small business providing organizational change management and strategic communications services to federal agencies, I write to express my support for preserving the Rule of Two.

The Rule of Two is one of the few mechanisms that allows truly small and micro businesses like mine to compete for federal contracts as primes rather than perpetually serving as subcontractors. While subcontracting can be a valuable path for growth, it often leaves small businesses dependent on the decisions of large primes and limits our ability to build capacity and past performance at a scale necessary to thrive in the federal market.

In our experience, many RFPs could be structured differently to allow micro and small businesses to participate more fully. I appreciate when agencies engage industry to explore how large requirements can be broken into smaller, manageable opportunities, creating a pathway for small businesses to compete directly and deliver their expertise where it is needed most.

4196 Merchant Plaza, PMB 112, Woodbridge, Virginia 22192 | 571.431.2442 | asanders@cmgtfederal.com | cmgtfederal.com

When large businesses subcontract to small businesses, it is often because the small business has the expertise the government needs. The Rule of Two ensures small businesses can bring this expertise directly to federal agencies, fostering competition and strengthening the federal supplier base.

If the Rule of Two were eliminated, micro businesses like CMGT would face an even steeper climb to scale in the federal market. We would have fewer opportunities to build relationships with agencies and demonstrate our value directly. The Rule of Two helps ensure that small businesses remain viable competitors, contributing to a healthy and resilient federal marketplace.

Thank you for considering the perspectives of small businesses in your work. I urge you to preserve and protect the Rule of Two to ensure that small and micro businesses can continue to create jobs and deliver exceptional service to federal agencies.

Sincerely,



Angie Sanders
Founder and CEO
CMGT

W2 Consulting CORPORATION
14625 Baltimore Ave. Ste 320 Laurel, MD 20707
301-960-5568

The Honorable Nick LaLota
Chairman, Subcommittee on Contracting and Infrastructure
S. House of Representatives
Washington, D.C. 20515

The Honorable Gil Cisneros
Ranking Member, Subcommittee on Contracting and Infrastructure
S. House of Representatives
Washington, D.C. 20515

July 8, 2025

Re: Statement for the Record – Hearing: "Leveling the Playing Field: The State of Small Business Contracting"

Greetings Subcommittee Members,

I am the President and CEO of W2 Consulting Corporation, a Service-Disabled Veteran-Owned Small Business, which provides services to the federal government. I am writing to address growing concerns among the small business federal contracting community regarding potential efforts to eliminate or modify the **Rule of Two**, a provision that has served as a foundational mechanism to ensure fair competition for small businesses in federal procurement.

The Rule of Two requires contracting officers to set aside opportunities for small businesses when there is a reasonable expectation that at least two responsible small businesses can perform the work at fair and reasonable pricing. This standard has been critical in maintaining the integrity and intent of the Small Business Act, and in supporting federal socioeconomic goals.

Key concerns regarding the removal or weakening of the Rule of Two include:

- **Reduced Competition and Market Entry**: The Rule of Two promotes broader market participation and prevents the over-consolidation of contracts among a limited pool of large vendors. Its removal would reduce market access and limit innovation from emerging firms.
- **Negative Economic Impact**: Small businesses represent nearly 44% of U.S. GDP and create two-thirds of new jobs. Restricting access to federal opportunities limits local economic development and job creation.

Preserving the Rule of Two is essential for maintaining competition, achieving federal procurement goals, and supporting economic development through small business growth. We strongly urge decision-makers to retain this rule and consider ways to strengthen its implementation and oversight.

Thank you for your attention to this issue.

Sincerely,

Dr. Kristin Washington

DEFUTEK
SECURE IT - DEFEND IT - PROTECT IT

July 14, 2025

The Honorable Nick LaLota
Chairman, Subcommittee on Contracting and Infrastructure
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Gil Cisneros
Ranking Member, Subcommittee on Contracting and Infrastructure
U.S. House of Representatives
Washington, D.C. 20515

Subject: Statement for the Record - Hearing: "Leveling the Playing Field: Fostering Opportunities for Small Business Contractors" (July 8, 2025)

Dear Chairman LaLota and Ranking Member Cisneros,

I am writing on behalf of Defutek, Inc, a Service-Disabled Veteran-Owned Small Business (SDVOSB) based in Cocoa, Florida, to provide a statement for the record for the July 8, 2025, hearing titled "Leveling the Playing Field: Fostering Opportunities for Small Business Contractors." As a small business specializing in cybersecurity, IT infrastructure, and program management services, we appreciate the opportunity to share our perspective on the challenges and opportunities in the federal marketplace. We urge the Subcommittee to protect policies that ensure small businesses like ours can compete fairly, particularly in light of the ongoing Federal Acquisition Regulation (FAR) overhaul and the potential elimination of the Rule of Two.

Defutek, Inc, founded in 2016, delivers mission-critical services to clients such as the Department of Defense, Department of Veterans Affairs, and local state and city governments. As we actively work to grow and expand our capabilities, with certifications including CMMC Level 1 and operations under NAICS codes 541511, 541512, and 541519, we provide secure, innovative solutions. However, as a small business, we face significant challenges, including intense competition from larger firms with greater resources and complex compliance requirements that strain our limited administrative capacity

The potential removal of the Rule of Two is a critical concern, as it represents the only way that small businesses like ours can remain competitive in the federal marketplace. Since the FAR Council has indicated that provisions not codified in the U.S. Code may be excluded from future versions of the FAR, it is imperative to codify the Rule of Two. Without this policy, agencies may favor unrestricted competitions, which often disadvantage small businesses that lack the scale to compete with large contractors. This could severely limit opportunities for SDVOSBs and other small businesses, hindering our growth efforts, reducing diversity, and stifling innovation in federal procurement. Additionally, the FAR overhaul introduces uncertainty. While modernization is needed, changes must not increase regulatory burdens or weaken small business protections.

DEFUTEK
SECURE IT - DEFEND IT - PROTECT IT

To protect the Rule of Two, we encourage you to support H.R. 2804—The Protecting Small Business Competitions Act of 2025—which, among other provisions, aims to make the Rule of Two a mandatory requirement for all federal agencies. We believe this important legislation will:

- Maintain fair competition for small businesses by eliminating ambiguity in procurement practices, thereby enhancing their ability to succeed and remain active in the federal marketplace.
- Enhance innovation and government performance by allowing the government to recruit and retain small enterprises that bring new solutions, innovation, and talent to government missions.
- Promote economic growth by providing small businesses with predictability and stable revenue streams, helping them grow, hire, and contribute to their local economy.

Again, we encourage your support of this important legislation. We are grateful for the Subcommittee's commitment to small business contractors and for this opportunity to share our perspective. Defutek, Inc stands ready to collaborate with Congress to promote policies that ensure small businesses can thrive in the federal marketplace. Please contact me at tj.delmarco@defutek.net or (719) 367-4161 for any questions or further information.

Sincerely,

Tj Delmarco
Founder & Senior Engineer
Defutek Inc

cc: Congressman Mike Haridopolos - 8th Congressional District, Florida

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July 15, 2025

The Honorable Nick LaLota
Chairman, Subcommittee on Contracting and Infrastructure
S. House of Representatives
Washington, D.C. 20515

The Honorable Gil Cisneros
Ranking Member, Subcommittee on Contracting and Infrastructure
S. House of Representatives
Washington, D.C. 20515

Statement for the Record – Hearing: "Leveling the Playing Field: The State of Small Business Contracting" (July 8, 2025)

Dear Chairman LaLota and Ranking Member Cisneros:

On behalf of Engineering/Remediation Resources Group, Inc., I am writing to express my support for H.R. 2804, the "Protecting Small Business Competitions Act of 2025." Codifying the Rule of Two will both preserve small business competition and allow small business government contractors to successfully enter, compete, and remain in the industrial base. Small businesses are a necessary component of the industrial base that creates fundamental pricing competition across all sectors of the Federal government.

While the Rule of Two has been in place for decades and confirmed by the courts, we believe this legislation is necessary and timely to ensure the government's acquisition rules continue to allow small businesses to compete for and win a fair proportion of government contracts. In a marketplace that consistently uses large buying vehicles, protecting and empowering small businesses is good policy and essential for their continued participation. This bill:

- Maintains fair competition for small businesses by eliminating ambiguity in procurement practices, thereby enhancing their ability to succeed and stay active in the federal marketplace.
- Enhances competition and allows the government to recruit and retain the small enterprises that bring new solutions, innovation, and talent to government missions.
- Promotes economic growth by providing small businesses with predictability and stable revenue streams, helping them grow, hire, and contribute to the local economy.

Over the past 10 years, the number of small businesses winning federal contracts has decreased by 50 percent. Additionally, nearly 60 percent fewer small businesses are entering the federal marketplace. The Rule of Two is critical to preserving the small business industrial base and efforts to reverse this decline, as well as America's long-term economic resilience and competitiveness. We urge all Members of Congress to support its swift passage in both chambers.

Thank you for your consideration and continued efforts on behalf of the entire small business federal contracting community. Please contact me at cindy.liu@errg.com or 925-969-0750 with any questions.

Sincerely,

Cynthia A. Liu, PE
President and CEO

2060 Reading Rd, 3rd Fl.
Cincinnati, OH 45202

July 7, 2025

(513) 639-2287

The Honorable Nick LaLota Chairman, Subcommittee on Contracting and Infrastructure U.S. House of Representatives Washington, D.C. 20515

The Honorable Gil Cisneros Ranking Member, Subcommittee on Contracting and Infrastructure U.S. House of Representatives Washington, D.C. 20515

Dear Chairman LaLota and Ranking Member Cisneros,

On behalf of Government Acquisitions, Inc., a small business IT contractor that has faithfully supported U.S. federal government customers for 36 years, I am writing to you today to address a concerning viewpoint regarding the role and value of small business IT Value-Added Resellers (VARs). It has recently been suggested that small business IT VARs represent an increase in cost to government customers. We firmly believe this perspective is fundamentally mistaken and wish to highlight the considerable value we bring to both government customers and the Original Equipment Manufacturers (OEMs) and Independent Software Vendors (ISVs) that serve the federal government.

Small businesses are undeniably the backbone of the U.S. economy, and in the realm of federal IT procurement, small business IT VARs play a critical and often underestimated role. Our value proposition is multifaceted:

Firstly, unlike single OEMs or ISVs, we do not represent a solitary product line. Our expertise lies in representing numerous manufacturers and working closely with government customers to determine the optimal combination of technologies to solve their specific challenges. While an OEM's or ISV's sales and technical teams are inherently incentivized to promote their own offerings exclusively, the IT VAR serves as a neutral, trusted guide. We consider the customer's existing technology investments and their overarching objectives, ensuring they acquire the most effective and integrated solution, not just a single vendor's product.

Secondly, modern IT solutions are incredibly complex and rarely addressed by a single technology. This is particularly true for emerging fields such as Artificial Intelligence (AI), where solutions frequently necessitate the integration of dozens of disparate technologies into a cohesive, functional system. No single OEM or ISV possesses the capacity or incentive to integrate a competitor's product. This intricate work of orchestrating and integrating diverse technologies is precisely the indispensable role of the small business IT VAR.

The data herein is business confidential and disclosure of this data requires written approval from Government Acquisitions, Inc.

#GAIisAI

Furthermore, to survive and thrive in a competitive landscape, small business IT VARs like Government Acquisitions, Inc. have had to master the art of delivering extreme value. For our customers, this translates into tangible benefits such as streamlined operations and more effective mission delivery through automation and AI. For many years, we have engaged with customers to implement solutions that automate redundant processes, empowering knowledge workers to focus on higher-value tasks and critical mission objectives.

Small business IT VARs also act as a vital "force multiplier" for OEMs and ISVs. It is simply not feasible for these larger entities to staff the vast sales and engineering talent required to effectively engage with the entire U.S. federal government. If VARs were to disappear, OEMs and ISVs would face a substantial increase in their operational costs, needing to hire thousands of additional personnel. This approach would also be highly inefficient, as each individual hired by an OEM or ISV would represent only that single company. In contrast, VAR personnel can be leveraged across multiple technologies, providing a far more cost-effective and efficient go-to-market strategy for the industry.

It has also been suggested to simply have the OEMs and ISVs subcontract the delivery and installation of their systems to the small business IT VARs. While certainly possible in some instances where there is a single vendor solution, in the broader context, this approach fails to consider all of the points described above regarding the VAR's unique role as a neutral guide and integrator. Additionally, large business OEMs and ISVs are not the most reliable place to put the interests of small businesses. That, in our opinion, is exclusively the role of the federal government.

Government Acquisitions, Inc. has numerous documented instances where our guidance has led customers away from OEM-centric solutions they were initially considering, coaching them toward significantly more effective and tailored alternatives. In doing so, we have saved federal customers millions of dollars, not only in the initial acquisition but also in long-term support and maintenance costs.

Finally, while the U.S. federal government must diligently seek avenues for cost savings and operational streamlining, it is crucial to remember that it is not intended to be run solely as a business. The government bears a fundamental responsibility to foster growth and investment in the small businesses that are the true engines of the U.S. economy. Nowhere is this more critical than in driving technology innovation. This is precisely the role that the small business IT VAR fills—bridging the gap between cutting-edge technology and government mission needs, while simultaneously supporting economic vitality.

The data herein is business confidential and disclosure of this data requires written approval from Government Acquisitions, Inc.

We urge you to consider the profound and multifaceted value that small business IT VARs contribute to the federal IT ecosystem. We are not a cost burden; rather, we are an essential component that drives efficiency, innovation, and significant cost savings for the government, while simultaneously bolstering the broader technology industry and the American economy.

Thank you for your time and consideration of this vital matter.

Sincerely,

Government Acquisitions, Inc.

The data herein is business confidential and disclosure of this data requires written approval from Government Acquisitions, Inc.



2309 Renard Place SE, Suite 200, Albuquerque, NM 87106

14 July 2025

The Honorable Nick LaLota, Chairman, Subcommittee on Contracting and Infrastructure
The Honorable Gil Cisneros, Ranking Member, Subcommittee on Contracting and Infrastructure
United States House of Representatives, Washington D.C., 20515

Dear Representatives LaLota and Cisneros:

Small businesses are the backbone of the U.S. economy. From creating jobs to driving innovation and revitalizing communities, the impact of small businesses in America is profound and far-reaching. As of 2024, the United States is home to over 31.7 million small businesses, making up 99.9% of all U.S. businesses.

Small businesses are responsible for creating 2 out of every 3 new jobs in the U.S. economy. Small businesses employed 61.7 million Americans in 2023, accounting for nearly 46.4% of the private workforce. Between 1995 and 2023, small businesses created over 17 million net new jobs, highlighting their role as the engine of employment in the country.

The **Rule of Two** was implemented across all federal agencies through the Federal Acquisition Regulation (FAR) in 1984, significantly impacting the share of contracts awarded to small businesses. The Rule of Two requires federal agencies to set aside contracts for small businesses when, based on market research, the agency reasonably expects to receive offers from at least two small businesses and that an award can be made at a fair market price. By setting this as a government-wide standard, small business participation grew across all sectors through federal procurements. Today, about 28.4% of federal contracting dollars, amounting to $178 billion in FY2023, go to small business contractors, reflecting the success of set-aside awards.

The Rule of Two is currently implemented in both the FAR (Part 19) and the SBA's regulations (13 C.F.R. Part 125).3. The only Rule of Two currently codified in statute is the U.S. Department of Veterans Affairs' (VA) Rule of Two, set forth at 38 U.S.C. § 8127, which applies exclusively to the VA and to Veteran-Owned and Service-Disabled Veteran-Owned Small Businesses.

Small businesses struggle to compete with large companies due to fewer resources and lesser economies of scale. Continued use of the Rule of Two, including expanding the codified language to cover all small business classifications across the federal government, is a step toward leveling the playing field by mandating small business set-asides where feasible. This ensures that small businesses have a fair and reasonable opportunity to compete for federal contracts, fueling the economic expansion of our American industrial base.

As an economic and innovation driver, small businesses often specialize in niche services that large contractors may overlook or undervalue. By applying the Rule of Two, agencies can better tap into the unique offerings of small businesses, which may ultimately lead to more unique, cost-effective innovative solutions across the federal government.

Small businesses embody the spirit of innovation, resilience, and entrepreneurship that defines the American dream. By supporting the Rule of Two for small businesses, you uphold and reinforce the American economy. Helping small businesses thrive is a direct investment you make in America's future. As such, **we respectfully urge Congress to**:

- **Support H.R. 2804 "The Protecting Small Business Competitions Act of 2025" to make the Rule of Two a mandatory requirement for all federal agencies.**
- **Enhance innovation and government performance by allowing the government to recruit and retain small businesses that bring new solutions, innovation, and talent to government missions.**
- **Promote economic growth by providing small businesses with predictability and stable revenue streams, helping them grow, hire, and contribute to the American economy.**

Sincerely,

Dr. Joy Colucci, CEO
Metis Technology Solutions, Inc.

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The Honorable Nick LaLota
Chairman, Subcommittee on Contracting and Infrastructure
S. House of Representatives
Washington, D.C. 20515

July 16, 2025

The Honorable Gil Cisneros
Ranking Member, Subcommittee on Contracting and Infrastructure
S. House of Representatives
Washington, D.C. 20515

Re: Statement for the Record – Hearing: “Leveling the Playing Field: The State of Small Business Contracting” (July 8, 2025)

Dear Nick LaLota and Gil Cisneros,

We are writing to you today as concerned small business owners and federal contractors to express our strong support for the "Rule of Two" and to highlight its critical importance to the continued success and viability of businesses like ours within the federal marketplace. The “Rule of Two” is not merely a mechanism for supporting entrepreneurship; it is a vital element of economic growth and competition. As you know, small businesses generate over 40% of the GDP and employ over 45% of American workers. Upholding the “Rule of Two” advances the interests of the American taxpayer by strengthening a competitive, resilient small business sector that delivers innovation, efficiency, and high-quality outcomes.

Our company, Kilda Group, LLC (Kilda Group), located in Severna Park, Maryland, has proudly served the federal government by providing business transformation, enabling technologies, and workforce optimization services since 2001.

The "Rule of Two," as currently enshrined in federal contracting regulations, mandates that an acquisition must be set aside for small businesses if there are at least two responsible small businesses capable of performing the work at a fair and reasonable price. This principle is not merely a bureaucratic formality; it is the cornerstone of fair competition and a vital mechanism that ensures small businesses have a genuine opportunity to compete for and win federal contracts.

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For Kilda Group, the "Rule of Two" has been instrumental in our growth and ability to contribute meaningfully to the federal mission. It has provided us with:

- **Fair Access to Opportunities:** Without this rule, we would face overwhelming competition from much larger corporations that have significantly greater resources and better influence over federal acquisition decision makers, making it exceedingly difficult to secure the contracts necessary to sustain and expand our operations.
- **Stability and Growth:** The contracts awarded under the "Rule of Two" have allowed us to invest in our capabilities, develop new technical solutions, and, most importantly, employ over 100 people in our local community within the 25+ years of Kilda Group's operation. These opportunities enable us to innovate and deliver high-quality services to the government at a fraction of the cost of much larger, cumbersome organizations.
- **Economic Impact:** As a small business, our success directly translates into local economic benefits, supporting families and contributing to the tax base in the DMV area. We are agile, responsive, and often bring specialized expertise that out-competes the capabilities of larger contractors.

The potential elimination or significant weakening of the "Rule of Two" through the ongoing Federal Acquisition Regulation (FAR) overhaul would have severe and detrimental consequences for small businesses across the nation. It would likely lead to:

- **Reduced Small Business Participation:** A significant decrease in the number of federal contracts awarded to small businesses, pushing many out of the federal marketplace entirely.
- **Job Losses:** As contracts dwindle, small businesses will be forced to downsize, leading to job losses and economic instability.
- **Stifled Innovation and Response:** Small businesses are often incubators of innovation and trailblazers for agile response. Limiting our access to federal contracts would hinder the government's ability to leverage cutting-edge solutions and diverse perspectives, quicker and easier than most large administratively rigid organizations.

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- **Consolidation of Power:** Further concentrating federal contracting opportunities among a handful of large corporations, reducing competition and value, while yielding increased costs for taxpayers in the long run.

We urge you to carefully consider the profound positive impact the "Rule of Two" has on small businesses, job creation, and the overall health of our economy. As you deliberate on the FAR overhaul, we respectfully request that you champion the preservation of this essential provision. Maintaining the "Rule of Two" is not just about supporting small businesses; it is about ensuring a robust, competitive, and innovative federal contracting landscape that benefits all Americans.

Thank you for your time and consideration of this critical matter. We would welcome the opportunity to meet directly with you or your staff representatives to provide further firsthand insights into our experiences and the tangible benefits of the "Rule of Two" at your convenience.

Sincerely,

Greg McConnell
CEO

John Hopkins
COO

Chris Anderson
CFO

CarlNTech LLC

To: 9 July 2025

The Honorable Nick LaLota
Chairman, Subcommittee on Contracting and Infrastructure
S. House of Representatives
Washington, D.C. 20515

The Honorable Gil Cisneros
Ranking Member, Subcommittee on Contracting and Infrastructure
S. House of Representatives
Washington, D.C. 20515

Re: Hearing: "Leveling the Playing Field: The State of Small Business Contracting" (July 8, 2025).

We wish to voice our support regarding the "Rule of Two" as it applies to federal contracting. CARLNTECH is a small, veteran owned, 8(a) reseller of IT products. While we have been successful with state and local government entities, we have had very little success with the federal government over the last 7 years.

It is very difficult for a small business to engage with the federal government. Eliminating the "Rule of Two" would only make it harder.

At a minimum, we request that you preserve the "Rule of Two" as it applies to the VA, and perhaps expand the "Rule of Two" to apply to at least Veteran-Owned businesses engaging all other federal agencies. There is nothing unconstitutional about supporting Veteran-Owned businesses.

Thank you for your support of American small businesses. Please help us to help you preserve the supply chain and thwart adversaries who know they can disrupt American success by targeting a handful of very large defense contractors. It would be an advantage to spread US federal procurement more widely across a larger number of businesses, and the largest pool available is small businesses.

Respectfully,

Carl A. Neidhardt, President and Owner, CARLNTECH, LLC

BETSY CERULO

AdNet
Advocates For Workplace Excellence

The Honorable Nick LaLota
Chairman, Subcommittee on Contracting and Infrastructure
S. House of Representatives
Washington, D.C. 20515

The Honorable Gil Cisneros
Ranking Member, Subcommittee on Contracting and Infrastructure
S. House of Representatives
Washington, D.C. 20515
To the Honorable Nick LaLota and the Honorable Gil Cisneros,

Please accept my response regarding the challenges that small businesses are facing in the federal marketplace. Not only have our businesses been negatively impacted by the changes from the Department of Government Efficiency but now the is the ongoing FAR overhaul and the potential removal of the Rule of Two. I ask you to, Protect Small Business Opportunities: The "Rule of Two" Faces Potential Elimination. It is a vital component in small business competition.

Most importantly, my focus is as we get in the door through contract awards to 100% of the time to deliver excellent service to remain in the door to serve the government.

Warm regards,



Betsy Cerulo – CEO/Founder of AdNet/AccountNet, Inc.
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July 11, 2025

The Honorable **Nick LaLota**
Chairman, Subcommittee on Contracting & Infrastructure
Committee on Small Business
U.S. House of Representatives
Washington, DC 20515

The Honorable **Gil Cisneros**
Ranking Member, Subcommittee on Contracting & Infrastructure
Committee on Small Business
U.S. House of Representatives
Washington, DC 20515

Subject: *Statement for the Record – Hearing: "Leveling the Playing Field: The State of Small Business Contracting" (July 8, 2025)*

Dear Chairman LaLota and Ranking Member Cisneros:

I am Charles Hargett, Founder and Principal of Procurement Advisors, LLC, dba **First Principles & Concepts (FP&C)**, a Service-Disabled Veteran-Owned Small Business (SDVOSB) headquartered in Parker, Colorado. Established in 2017, FP&C provides federal clients with mission-critical professional services—including program evaluation, healthcare administration support, facility and audiovisual integration, and proposal development—delivered with the agility, innovation, and cost discipline that small businesses uniquely supply.

I write to express my strong support for the federal government's portfolio of small-business contracting programs and to underscore the need to **preserve and codify the "Rule of Two," expand mentor-protégé and joint-venture authorities, and maintain robust set-aside thresholds**. Together, these policies:

- **Protect competition and value for taxpayers.** The Rule of Two ensures that when at least two qualified small businesses can meet a requirement at a fair market price, the government benefits from competitive pricing and fresh, innovative approaches that are frequently unavailable from large incumbents.
- **Strengthen the industrial base.** Small firms now comprise 99.9 percent of U.S. businesses and create roughly two-thirds of net new jobs, accounting for 44 percent of U.S. economic activity. Stable access to federal opportunities sustains that engine of growth and helps cushion the supply chain against single-source disruptions.
- **Advance national priorities.** Socio-economic programs—SDVOSB, HUBZone, 8(a), and WOSB—channel federal spending to under-represented entrepreneurs, enabling veterans, women, and minority owners to translate specialized expertise, combat-tested leadership, and community roots into mission success for the American people.

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FP&C's experience illustrates these benefits.

- In 2024 we installed and integrated a base-wide digital-signage network at Fort Bliss—delivering enhanced command-information capability *three weeks ahead of schedule* and 6 percent under budget, despite pandemic-era supply-chain constraints.
- Our team currently supports TriWest Healthcare Alliance's TRICARE transition—managing multiple subcontractors, mitigating risk, and protecting continuity of care for military families across the western United States.
- Through a mentor-protégé joint venture, we are bringing model-based systems-engineering (MBSE) expertise to federal facilities projects, helping agencies modernize infrastructure while cultivating the next generation of small-business talent.

These achievements were possible because federal procurement policy deliberately **"levels the playing field."** Dismantling or diluting those safeguards—especially by eliminating the Rule of Two—would shrink the competitive pool, reduce innovation, and ultimately raise costs to taxpayers.

Accordingly, I respectfully recommend that the Subcommittee:

1. **Codify the Rule of Two for all agencies** by advancing legislation such as H.R. 2804.
2. **Retain existing set-aside thresholds and parity among socio-economic categories.**
3. **Expand and streamline mentor-protégé and joint-venture programs** to help small firms scale while protecting them from unnecessary recertifications during contract performance.
4. **Enforce Prompt-Payment provisions** and continue progress toward e-Invoicing, which is critical to small-business cashflow.
5. **Require early industry engagement during any FAR overhaul** to ensure unintended barriers are identified and removed.

FP&C stands ready to provide additional data or testimony at the Subcommittee's convenience. Thank you for your leadership in safeguarding policies that not only empower small businesses but also enhance government mission performance, fiscal stewardship, and economic vibrancy.

Respectfully,

Charles Hargett
Founder & Principal
First Principles & Concepts (SDVOSB)
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July 14, 2025

The Honorable Nick LaLota
Chairman, Subcommittee on Contracting and Infrastructure
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Gil Cisneros
Ranking Member, Subcommittee on Contracting and Infrastructure
U.S. House of Representatives
Washington, D.C. 20515

Subject: *Statement for the Record – Hearing: "Leveling the Playing Field: The State of Small Business Contracting" (July 8, 2025)*

Dear Chairman LaLota and Ranking Member Cisneros:

I am writing on behalf of **Millennium Health and Fitness, Inc.**, a small business with over 30 years of continuous service to the U.S. federal government, including our largest customer—the Department of Defense. Our work supports the health, readiness, and performance of the military and federal workforce through wellness programs, fitness services, and human performance solutions across dozens of agencies and installations nationwide.

We strongly urge the Subcommittee to protect the *Rule of Two* in federal procurement. This rule has been foundational in ensuring that qualified small businesses like ours are given a fair opportunity to compete—especially in sectors where large incumbents dominate the landscape.

Our company has built a reputation over three decades for dependable, mission-aligned service delivery at a lower cost to the taxpayer. We invest in hiring experienced professionals, many of them veterans, and deliver customized wellness and readiness programs tailored to the unique demands of government personnel. Without the protections offered by the Rule of Two, opportunities for companies like Millennium to continue delivering this value will diminish rapidly—consolidating awards in the hands of larger, less agile contractors.

The small business contracting community is a vital piece of the federal acquisition system—not just in theory, but in daily execution of national priorities. Removing the Rule of Two would deal a significant blow to our nation's ability to innovate, adapt, and deliver cost-effective, people-first services.

Millennium Health & Fitness
301.648.6122 millenniumhealthandfitness.com



We appreciate the Subcommittee's attention to this matter and thank you for your continued commitment to small business participation in federal contracting.

Sincerely,

Jeffrey A. Eagan
Interim President
Millennium Health and Fitness, Inc.

Millennium Health & Fitness
301.648.6122 millenniumhealthandfitness.com



July 15, 2025

The Honorable Nick LaLota
Chairman
Subcommittee on Contracting and Infrastructure
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Gil Cisneros
Ranking Member
Subcommittee on Contracting and Infrastructure
U.S. House of Representatives
Washington, D.C. 20515

Re: Statement for the Record - "Leveling the Playing Field: Fostering Opportunities for Small Business Contractors"

Dear Chairman LaLota and Ranking Member Cisneros,

As a long-time small business contractor, I respectfully urge the Subcommittee to recognize that structural imbalances—not merit—are excluding qualified firms from federal awards. I believe that by moving ANCs and Joint Ventures into their distinct procurement lanes, the Committee would restore competitive fairness and eliminate the most egregious cases of abuse. The current practice of allowing ANCs to create an unlimited number of 8(a) companies—indefinitely—ultimately burdens the American taxpayer.

Bridges System Integration LLC (Bridges SI) is a proven federal small business contractor with over 15 years of experience in highly secure, mission-critical environments. We have performed audiovisual and IT integration work for nearly every department in the federal space. Despite holding every significant quality certification (ISO 9001, ISO/IEC 27001, ISO 20000-1, and CMMI), maintaining a DFARS-compliant cost accounting system, and having a facility clearance, we have found it nearly impossible to compete for prime contracts on recent major small business vehicles, such as Polaris and SEWP VI.

Polaris required past performance as a prime contractor for a minimum of three (and up to five) task orders, each valued at over $10 million. Given the selected NAICS code—with a $34 million small business size standard—these requirements meant that even qualifying would likely exceed the annual revenue thresholds that define a small business. These scoring mechanics reward scale, not capability.

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The bar was so high that the only path to eligibility was through access to a billion-dollar parent ANC or a JV, effectively disqualifying the vast majority of genuine small businesses.

We engaged a professional team, submitted a compliant proposal, and met all other scoring criteria—but GSA informed us in its official debrief: "Your proposal was not evaluated because it did not rank in the Top 100." This was due solely to our lack of past performance on large prime contracts—the very thing we are trying to attain through opportunities like Polaris.

The winners on Polaris and similar vehicles are often ANC-owned entities or joint ventures that operate with the resources, past performance, and institutional support of billion-dollar enterprises. These parent companies routinely establish new 8(a)s under the same address and staff, benefiting from an unlimited history of past performance and access to sole-source contracts. At the same time, we fight for scraps as subcontractors.

In practice, ANC subsidiaries frequently change their names and organizational structures, creating confusion around contracts and invoicing, not out of malice or disorganization, but because the regulatory environment incentivizes the constant creation of subsidiaries. This creates unnecessary administrative friction, obscures accountability, and illustrates how present rules have turned federal procurement into a game—one designed to create the illusion of small business awards, when in reality, the government is only awarding to very large businesses.

Our ANC partners have informed us that they no longer pursue prime teaming arrangements. Instead, they opt to award subcontracts only after winning, thereby denying small businesses the ability to demonstrate relevant past performance. The result is a self-reinforcing loop where only ANC or JV-controlled entities accrue the past performance points needed to win future awards.

SEWP VI Category B similarly required three $5M+ awards under NAICS 541512, despite the size standard capping small business revenue at $34 million. Again, this favors entities backed by aggregated corporate histories, thereby undermining the intent of small business set-asides by sidelining actual small business participation.

Policy Recommendations

1. Impose reasonable caps on the number of 8(a) entities per ANC parent company or limit aggregate revenue under common control.

2. Reassess sole-source award thresholds and apply consistent rules across all 8(a) firms.

3. Create set-aside pathways specifically for general small businesses without socio-economic designation.

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4. Improve transparency in subcontracting participation, with more precise tracking and credit for past performance.

5. Ensure teaming arrangements are encouraged—not restricted—so that small businesses gain prime experience.

6. Revise scoring models in major IDIQ/GWAC solicitations to avoid structurally excluding firms based solely on past prime performance or size metrics.

Small business policy must reward true competition, not administrative maneuvering. As it stands, the system favors layered holding companies and scoring gymnastics over entrepreneurial capability and long-term performance. This not only inflates costs and obscures accountability, but it ultimately erodes trust in the integrity of federal procurement.

Thank you for your time and consideration. I am available to provide further information or testimony as needed.

Sincerely,

Brent Berger
Partner
Bridges System Integration LLC
brent.berger@bridges-si.com
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El Dorado Hills, CA 95762

John Patricio
Founder & CEO, Patricio Systems LLC
www.patricio-systems.com
July 9, 2025

The Honorable Nick LaLota
Chairman, Subcommittee on Contracting and Infrastructure
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Gil Cisneros
Ranking Member, Subcommittee on Contracting and Infrastructure
U.S. House of Representatives
Washington, D.C. 20515

Subject: Statement for the Record – Hearing: "Leveling the Playing Field: The State of Small Business Contracting" (July 8, 2025)

Dear Chairman LaLota and Ranking Member Cisneros:

As a disabled U.S. Marine Corps Veteran and the founder of Patricio Systems LLC, I respectfully submit this statement for the record in support of protecting and strengthening small business opportunities within the federal marketplace, particularly through the preservation of the Rule of Two.

In October 2021, I sustained a spinal cord injury that left me a paraplegic. This life-altering event tested every part of my resolve. Through the compassionate support of the Department of Veterans Affairs, civilian organizations, and targeted programs for disabled veterans, I was able not only to survive but to rebuild a purpose-driven life. These organizations helped me transition from a hospital bed to leading a technology company that serves public agencies. My forthcoming memoir, *Improvise, Adapt, Overcome*, set for release in two months, shares my journey in full. More details are available at www.improviseadaptovercome.net.

Patricio Systems LLC is a California-certified Disabled Veteran Business Enterprise (DVBE), Disadvantaged Business Enterprise (DBE), and federally certified 8(a) and Service-Disabled Veteran-Owned Small Business (SDVOSB # 6EN08). We are also proud to hold a GSA Schedule. Thanks to California's DVBE and DBE programs, we have been able to grow steadily in the California State marketplace. These incentives helped open doors and allowed us to compete meaningfully. With that foundation, we are now positioning ourselves to expand into the Federal sector.

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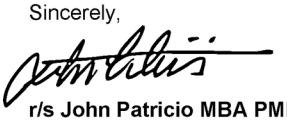
That transition, however, depends on a fair and accessible procurement environment. The Rule of Two is one of the most critical safeguards that ensures agencies consider small businesses before defaulting to larger contractors. Removing or weakening this rule would tilt the field heavily against small businesses, making it significantly harder for new, emerging, and disadvantaged businesses to compete.

I served in the U.S. Marine Corps infantry and took part in the liberation of Kuwait during Operation Desert Storm. I participated in the ground offensive campaign with Task Force Papa Bear, Weapons Company 1/1. The lessons I learned in combat (teamwork, perseverance, and determination) now guide my mission in business. I am not looking for favors. I am asking for fair opportunity. The Rule of Two is that opportunity.

I respectfully urge the Subcommittee to protect this essential policy and continue supporting programs that give disabled veterans and small businesses a chance to serve again, this time, through government contracting.

Thank you for your consideration and your continued support of the small business community.

Sincerely,



r/s John Patricio MBA PMP
SGT/USMC/RET

Founder & CEO
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The Honorable Nick LaLota
Chairman, Subcommittee on Contracting and Infrastructure
S. House of Representatives
Washington, D.C. 20515

The Honorable Gil Cisneros
Ranking Member, Subcommittee on Contracting and Infrastructure
S. House of Representatives
Washington, D.C. 20515

To Whom It May Concern,

Sygnetics, Inc. is a SDVOSB business that relies on fair competition in contracting with Federal and State Governments. The Rule of Two ensures that the playing field is somewhat level for small businesses.

Below are reasons the rule was implemented:

- ***Promoting Small Business Participation****: The core objective is to create a level playing field for small businesses and increase their opportunities to compete for government contracts.*

  Small businesses continue to fight for their 'piece of the pie' in the government contracting arena. Removal of any part of the Rule of Two would affect the number of opportunities available to maintain a small business**,**

- ***Ensuring Fair Competition:*** *The rule mandates that contracting officers set aside certain procurements for small businesses when there is a reasonable expectation of receiving competitive offers from at least two responsible small businesses. This prevents larger businesses from dominating the contracting landscape and fosters a more competitive environment.*

  Fair competition should be the underlying reason that no change is made to the rule. Large businesses have an unfair advantage when it comes to personnel, funds, and marketing. There are an expansive number of contracts that must be carried out by large businesses. There are also multiple contracts that can be successfully performed by small businesses.

  If the Rule of Two is removed or changed, the contracting landscape will eventually include only a handful of large businesses and will push out the small businesses all together.

- ***Supporting Economic Growth and Innovation****: By providing opportunities for small businesses, the Rule of Two contributes to economic growth and job creation. Small businesses often drive innovation, and their involvement in government contracting can lead to the development of new technologies and solutions.*

Small businesses are an integral part of the economy. Many Veterans, after serving our country, come back home and start companies that support the federal government in many areas – IT, medical, logistics, etc.

These businesses should be given the opportunity to thrive and become one of the large businesses that dominate government contracting.

The environment of government contracting has not changed regarding small businesses enough to warrant a change to the use of the rule.

If any change should be made - it should be increasing the use of the rule. Applying the Rule of Two to multi- award contract task and delivery orders would ensure that large companies that are the Prime on these IDIQs must use the small businesses on their team to fill task order opportunities. Many times, a large business is awarded an IDIQ and must have small business representation on their team, but these small businesses never get one contract position or the opportunity to bid on any of the task orders because the prime takes it themselves. The small business winds up being a place holder for the large prime – they are required for the bid, but after the award no government entity ensures that the small business is treated fairly as far as task order competition goes.

As the owner of a Service - Disabled Veteran Owned Small Business, I have had to compete with large businesses for over 40 years. The competitive advantage of the large businesses is ingrown in its resources – both staff and financial. Any change that would level this out, even to a small degree, would be a welcome and needed change to the millions of small businesses that strive to offer the government superlative support.

Thank you,



Tony Tarkowski
Sygnetics, Inc.
President/CEO

July 9, 2025

The Honorable Joni Ernst
Chair
Committee on Small Business & Entrepreneurship
U.S. Senate
Washington, D.C. 20510

The Honorable Ed Markey
Ranking Member
Committee on Small Business & Entrepreneurship
U.S. Senate
Washington, D.C. 20510

The Honorable Roger Williams
Chair
Committee on Small Business
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Nydia Velázquez
Ranking Member
Committee on Small Business
U.S. House of Representatives
Washington, D.C. 20515

Dear Chair Ernst, Chair Williams, Ranking Member Markey, and Ranking Member Velázquez,

On behalf of the organizations and individual companies listed below, we are writing to express our support for H.R. 2804, the "Protecting Small Business Competitions Act of 2025." Codifying the Rule of Two will both preserve small business competitions and allow small business government contractors to successfully enter, compete, and remain in the industrial base.

While the Rule of Two has been in place for decades and confirmed by the courts, we believe this legislation is necessary and timely to ensure the government's acquisition rules continue to allow small businesses to compete for and win a fair proportion of government contracts. In a marketplace that consistently uses large buying vehicles, protecting and empowering small businesses is good policy and essential for their continued participation. This bill:

- Maintains fair competition for small businesses by eliminating ambiguity in procurement practices, thereby enhancing their ability to succeed and stay active in the federal marketplace.
- Enhances competition and allows the government to recruit and retain the small enterprises that bring new solutions, innovation, and talent to government missions.
- Promotes economic growth by providing small businesses with predictability and stable revenue streams, helping them grow, hire, and contribute to the local economy.

Over the past 10 years, the number of small businesses winning federal contracts has decreased by 50 percent. Additionally, nearly 60 percent fewer small businesses are entering the federal marketplace. The Rule of Two is critical to preserving the small business industrial base and efforts to reverse this decline, as well as America's long-term economic resilience and competitiveness. We urge all Members of Congress to support its swift passage in both chambers.

Thank you for your consideration and continued efforts on behalf of the entire small business federal contracting community. Please contact Elizabeth Sullivan at esullivan@madisonservicesgroup.com or 202-626-8528 with any questions.

Sincerely,

GovCon Small Business Coalition
GovEvolve
HUBZone Contractors National Council
ITVAR Modernization Coalition
Montgomery County Chamber of Commerce (MCCC)
Multicultural Business Alliance (MBA)
National Small Business Association (NSBA)
National Veteran-Owned Business Association (NaVOBA)
Native American Contractors Association (NACA)
Native Hawaiian Organization Association (NHOA)
Small Business Majority
U.S. Black Chambers (USBC)
VET-Force
Veteran Women's Enterprise Center (VWEC)
Veterans In Business (VIB) Network
Women Construction Owners and Executives (WCOE)
Women Impacting Public Policy (WIPP)
Women Veterans Business Coalition (WVBC)
Women's Procurement Circle (WPC)

10.13 Enterprise	DC
11th Hour Service	VA
1Smart Consulting, Inc.	MD
A & M Engineering and Environmental Services Inc.	OK
A-TEK, Inc.	VA
A.D. Marble & Co., Inc.	PA
A2 Federal, Inc.	VA
AAECON General Contracting, LLC (D/B/A: AACON General Contractors)	KY
AAUSA Services, Inc.	TX
Acquisition Systems Associates, Inc.	DE
AdNet/AccountNet, Inc.	MD
ADV-SOC	CA
AGEISS	CO
Agile Vector, LLC	FL
Akumen, Inc.	MA
ALECAM LLC	NC
Alejo Consulting	VA
Alesia Architecture	NE
All The Way Logistics LLC	MA
Alliance Group Inc.	GA
AM Pierce & Associates, Inc.	MD
American Electronics, Inc.	MD

Ameritel Communications Corporation	MD
Anderson Engineering of MN	MN
ANJ Consulting Firm	FL
Anointed Professional Enterprises Inc.	GA
Antean Technology	VA
Apex Solutions	CA
Archer RECS	OR
ASCI Federal Services LLC	AK
Ashire Technologies & Services, Inc.	FL
Aurora Innovations, LLC	VA
Avanti Corporation	VA
Awen Solutions Group	VA
Axiom Consultants, Inc.	MD
B & C Janitorial Service, Inc.	GA
Bailey's Premier Services	TX
Ballahack LLC	VA
BD Succeed LLC	VA
Bellewether	MO
Birds Eye Aerial Drones, LLC	CA
Bizu, LLC	WV
Black Box Safety, Inc.	CA
Bland & Associates, P.C.	NE
Bluestone Environmental Group	PA
Bravia Services	IN
Bravura Information Tech.	MD
Brute LLC	VA
Byrd Enterprises Unlimited, Inc.	VA
Cape Environmental Management Inc.	GA
CARLNTECH, LLC	CA
CB Design Group, Inc.	NC
Charleston Associates, Inc.	VA
Civility Management Solutions	MD
Concourse Federal Group	VA
Connections Wizards, LLD	NM
Construction Managers, Inc.	NC
Conti Federal Services	FL
Core Services Group, Inc.	VA
Crawford & Turner Capital LLC	TX
Credere Associates, LLC	ME
DALS Credit Solutions Co	PA

Decisions Oriented	MD
Defutek Inc.	FL
Diener & Associates, CPA	VA
Direct Steel LLC	IL
Directional Command, LLC	FL
Diverse Professional Solutions LLC	FL
DLR Partners	TX
DMS International	MD
Dudek	CA
EA Engineering, Science, and Technology, Inc., PBC	MD
EDG Entities LLC	CA
Effective Flow Connections, LLC	NV
EnDepth Solutions	MD
Engineering/Remediation Resources Group, Inc.	CA
Entellimetrix LLC	GA
Enviro Applications	CA
Environmental Research Group, LLC	MD
ePathUSA Inc.	IA
Epoch Concepts LLC	CO
Essendant	IL
Evans Inc.	VA
Expert WSI eMarketing	TX
FAR Consulting, Inc.	VA
First Light Properties LLC	LA
G&R Technical Solutions, LLC	VA
G2 Laboratories, LLC	PA
Garoux LLC	MD
Geranios Enterprises Inc.	MT
GKA Services, LLC	IN
Global Resource Solutions, Inc.	VA
Global Services	WA
Gormat LLC	MD
Gray Matters Technology Services	MD
Green Glove Cleaning Service LLC	FL
Groundwater Partners, Inc.	NM
Guardian Development Group	CO
Gye Nyame Wellness Centre	FL
Hamoa Company	HI
HART Technologies, Inc.	VA
Haven Housing Solutions LLC	MD

HJ Gov Contracting Corp	NJ
Human Capital Resources and Concepts Inc.	FL
Hybas International LLC	TX
IMRI	CA
Inalab Group	VA
Integral Engineering Group	TN
Integrated Systems Solutions	VA
Intelliverse Solutions Group, LLC	VA
Interior Systems, Inc.	VA
INYA Inc.	CA
ISI Professional Services	VA
Jamison Professional Services, Inc.	GA
JBS Solutions, Inc.	AL
JE Group LLC	GA
JEMNI Inc.	MN
JTEK Data Solutions	MD
Kane Environmental, Inc.	WA
Keish Environmental, PC	CA
KEMRON Environmental Services	GA
Kenall Inc.	TX
Kennedy Solutions Group	FL
Knowesis Inc.	VA
KOMAN	WA
Leota Professional Resources, LLC dba LPR International	MD
Leulu & Co.	VA
Lexo Enterprise LLC	FL
Leyden Solutions	NC
Lighthouse Groups LLC dba Lighthouse Medical	MO
LN2S CONSULTING L.L.C.	IL
LOUi Consulting Group, Inc.	GA
Mackenzie Sloane LLP	DC
MBL Technologies, Inc.	VA
Metis Technology Solutions, Inc.	NM
Mid-Cities Medical	TX
Millman Systems, LLC	MD
MindsparQ	MD
MSC Industrial	NC
MSM Technology LLC	VA
Native American Industrial Solutions LLC (NAIS)	SC
NeevSys Inc.	VA

Neutral Posture, Inc.	TX
Nginering	VA
Nobis Engineering, Inc.	NH
Noetic Strategies, Inc.	AL
Northeast Infrastructure, LLC	PA
Oasys International LLC	VA
OpTech Enterprise Solutions, LP	TX
Parabilis	VA
Paragon Micro Inc.	IL
Patricia Giesler LLC	GA
Pearl River Technologies LLC	FL
Perikin Enterprises, LLC	TN
Phoenix Textile Corporation	MO
Planate Management Group	VA
ProMed Medical Solutions	TX
PSJ Consulting LLC	VA
Q&A Diversified LLC	TX
R&K Solutions, Inc.	VA
R3 Government Solutions, LLC	VA
Racey Group, Inc.	MI
Raymond Global, Inc.	GA
RedTrace Technologies, Inc.	MD
Renova Environmental Company	NJ
RIG Consulting	PA
Rigaud Global Company	VA
Rock & Associates	CO
rockITdata	NC
Rocky Bleier Construction Group	PA
Rothco	MA
Ryzhka International LLC	FL
SA Technical Services, Inc.	FL
Scale2market, LLC	MD
Scout	CA
SD3IT	FL
Semper Environmental, LLC	UT
Semper Tek, Inc.	KY
Sidus Solutions LLC	CA
Sierra Kru	GE
Small GovCon Solutions, LLC	FL
Sole Trader Renewable Energy LLC	TN

Solvitur Systems LLC	VA
South Central Roofing, Inc.	IN
Southeast Cherokee Construction, Inc.	AL
Stell Environmental Enterprises, Inc.	WA
Stingray Consulting Services	GA
Strategic Growth Partners	MD
Structural Associates, Inc.	NY
Subsidium, Inc.	VA
Summit Federal Services, LLC	MD
Susquehanna Civil Inc.	PA
SynaVoice	VA
Synectics	CA
Syntelligent Analytic Solutions, LLC	VA
T/M Maintenance Service, LLC	SC
Tambourine Innovation Ventures	VA
Technical Resolution LLC	VA
Technology Management Solutions LLC	DE
The Alamo Travel Group, LP	TX
The Avery Group	GA
The Cotton Exchange	NY
The Kenjya-Trusant Group, LLC	MD
The Lexis Group	PA
The Maclean Group LLC	CA
The Old Town Soap Company	CA
The Pulse of GovCon LLC	VA
The Toota Group	NJ
Theta LLC	MD
TI Verbatim Consulting, Inc.	WV
TN Federal Consulting, LLC	FL
TransPacific Communications	MD
TREVET	CA
TrueNorth Federal Group	FL
Trust Consulting Services Inc.	DC
U.S. Label & Ribbon Group	OH
Ulu HI-Tech, Inc.	HI
Unalakleet Native Corporation	AK
Union Machine Company of Lynn. Inc.	MA
UpSlope Advisors	VA
V-Project Management Consulting LLC	MD
Valkyrie Contracts, LLC	MD

Visionary Consulting Partners, LLC	VA
VMSI	VA
W2 Consulting Corporation	MD
Walker Diving Underwater Construction LLC	NJ
Washington Defense Corporation	VA
Washington Premier Group LLC	DC
WIB Strategic Solutions	MD
Wilco Group LLC	VA
Wolf Field Solutions LLC	FL
ZYGOS Consulting LLC	VA

A Statement for the Record
Submitted by: Mid-Tier Advocacy, Inc.
House Committee on Small Business
Subcommittee on Contracting and Infrastructure
Hearing: "Leveling the Playing Field: Fostering Opportunities for Small Business Contractors"
Date: September 10, 2025
Time: 9:30 AM

Mid-Tier Advocacy, Inc. appreciates the opportunity to submit this statement for the record regarding your timely and important hearing, *"Leveling the Playing Field: Fostering Opportunities for Small Business Contractors."*

As a national, nonprofit organization representing the interests of mid-sized federal contractors—many of whom are former small businesses—Mid-Tier Advocacy works to ensure that growth is not punished in the federal marketplace, but rather rewarded and sustained. While today's hearing rightly focuses on fostering opportunities for small business contractors, it is important to acknowledge that the strength of the federal supply base is directly tied to how policies support companies at *every stage* of the lifecycle—from startup to scale-up.

Mid-tier firms are the backbone of innovation, job creation, and specialized performance in the federal contracting space. However, they exist in a uniquely vulnerable position—*too large* to qualify for small business set-asides, but *too small* to consistently compete against billion-dollar incumbents for full and open competitions. This "no man's land" leaves many former small businesses facing a cliff when they outgrow their size standard, with few policy mechanisms in place to support their continued growth.

Yet, we are firm in stating that **mid-tier firms would not exist without the small business contracting programs** that enabled their entry into the federal market. It is through SBA programs, mentor-protégé arrangements, and set-aside competitions that many of our member companies developed past performance, created jobs, and built the capacity to serve federal agencies at scale. These programs are vital and must not only be preserved but strengthened to ensure that today's small businesses can become tomorrow's mid-sized success stories.

However, the system must also evolve to acknowledge that *graduation from small business status should not be a penalty.* It should be a milestone. To truly level the playing field, the federal government must also address the growing policy gap for mid-tier companies, including

access to tailored opportunities, acquisition strategies that consider firm size and capacity, and more equitable consolidation practices.

We commend this Subcommittee for its continued commitment to fairness and competition in federal procurement. A healthy industrial base depends on the ability of small businesses to grow—and the ability of growing businesses to thrive beyond their small status.

Mid-Tier Advocacy, Inc. looks forward to working with you to advance policies that build a more inclusive and competitive contracting environment across all tiers.

Respectfully submitted,

Tonya Saunders
Founder and Executive Director
Mid-Tier Advocacy, Inc.
Email: tonya@midtieradvocacy.com
Phone: 202.421.5100
Website: https://midtieradvocacy.com

The American Small Business Chamber of Commerce

June 25, 2025
The Honorable Members of the U.S. House of Representatives
Washington, DC 20515

RE: Urgent Need for Passage of H.R. 2804 – Protecting Small Business Competitions Act of 2025

Dear Members of Congress:

On behalf of the American Small Business Chamber of Commerce (ASBCC) and the vast network of American enterprises we represent, we urge you to pass H.R. 2804, the Protecting Small Business Competitions Act of 2025. This is not merely a procedural update; it is a critical measure to safeguard the integrity of the federal marketplace, bolster our nation's defense industrial base, and ensure prudent use of taxpayer dollars.

Codifying the "Rule of Two" is a fundamental necessity. For too long, the Small Business Act's clear intent has been diluted by inconsistent agency interpretation and acquisition strategies favoring contract consolidation over robust competition. This creates an unpredictable and inequitable environment, undermining the very firms that serve as engines of innovation for our government. Enshrining this rule in statute, H.R. 2804 brings much-needed certainty and accountability to federal procurement.

The strategic importance of a diverse supplier base cannot be overstated. Small businesses are essential to the resilience of our defense industrial base and are key drivers of the novel solutions required to maintain our competitive edge. Furthermore, ensuring strong competition from a wide pool of small firms is the most effective bulwark against the price creep and vendor lock-in that occurs when markets are dominated by a few large prime contractors.

The economic impact is not confined to the Beltway; it is a powerful force in every one of your districts. These federal contracts translate directly into local job creation and regional economic stability. The stakes are substantial: **over 300 congressional districts have more than $100 million in small business federal contract revenues at risk annually.** Failure to secure the Rule of Two places this vital economic activity—and the jobs it supports—in jeopardy.

We urge you to advance H.R. 2804 without delay. Passing this legislation is a direct investment in American innovation, a commitment to fiscal responsibility, and a powerful affirmation of your support for the small business backbone of our economy.

Thank you for your leadership on this critical issue.

Charmagne Manning

Charmagne Manning
President
American Small Business Chamber of Commerce
700 12th Street NW, Suite 700 | Washington, DC 20005
https://www.ASBCC.org | (202) 618-3037

National Veteran Small Business Coalition

June 9, 2025

The Honorable Joni Ernst
Chair,
Committee on Small Business & Entrepreneurship
United States Senate
260 Russell Senate Office Building
Washington, DC 20510

The Honorable Edward J. Markey
Ranking Member
Committee on Small Business & Entrepreneurship
United States Senate
255 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Roger Williams
Chair, Committee on Small Business
United States House of Representatives
2336 Rayburn House Office Building
Washington, DC 20515

The Honorable Nydia Velazquez
Ranking Member, Committee on Small Business
United States House of Representatives
260 Russell Senate Office Building
Washington, DC 20515

Dear Chairs Ernst and Williams and Ranking Members Markey and Velazquez,

On behalf of the National Veteran Small Business Coalition (NVSBC) and over 1.6 million Veteran Owned Small Businesses (VOSB) including 30,000 Service-Disabled Veteran-Owned Small Businesses (SDVOSB), we respectfully urge your support for H.R. 2804, "Protecting Small Business Competitions Act for 2025. Codifying the "Rule of Two" will enhance competition for all small business opportunities and strengthen our industrial base.

While the "Rule of Two" has been in place for decades and reaffirmed by federal courts, it has not been codified in the Federal Acquisition Regulations (FAR) to allow small businesses to compete for and win a fair proportion of government contracts. H.R. 2804 will,

- Ensure fair competition for small businesses by eliminating ambiguity in procurement practices and opportunities;
- Broaden the industrial base by retaining and encouraging small business talent, innovations and solutions; and
- Promote economic growth that contributes to both our national and local economies.

Over the past decade, the number of small businesses entering the federal marketplace has dropped by nearly 60 percent. Codifying the "Rule of Two" is critical to reversing the decline and ensuring America's economic resilience and competitiveness.

Thank you for your leadership and consideration of this letter of support. We urge Congress to support the passage of H.R. 2804. NVSBC is grateful for your support of Veteran small business owners and the small business community at large. For additional information, my email is Scott.Jensen@nvsbc.org or you may call 703-889-5742.

Sincerely,

Scott Jensen
Executive Director

U.S. Women's Chamber of Commerce

June 25, 2025

RE: Strong Support for H.R. 2804 – Protecting Small Business Competitions Act of 2025

Dear Members of Congress:

On behalf of the U.S. Women's Chamber of Commerce (USWCC), our leadership, and the thousands of women-owned small business suppliers we represent nationwide, **we write to express our strong support for H.R. 2804, the Protecting Small Business Competitions Act of 2025.**

This legislation takes the critical step of codifying the "Rule of Two," reinforcing the longstanding principle that federal opportunities must be set aside for small business competition when two or more responsible small businesses can perform the work at a fair market price. For women-owned businesses, who continue to face barriers in gaining fair access to federal contracts, this rule is a vital pathway to opportunity.

The success of this principle is clear: in fiscal year 2024 alone, **12,788 women-owned firms secured $30.4 billion in federal contracts**. These are significant achievements for our members and a meaningful contribution to the nation's economy. However, any loss or erosion of the Rule of Two's enforcement would be devastating, jeopardizing the stability of these businesses, the livelihoods of their employees, and the significant economic impact they bring to the communities and Congressional Districts in which they operate, effectively reversing hard-won progress.

Codifying this rule is essential to protect these gains and ensure that equity in contracting is a permanent fixture of federal procurement, not a standard subject to fluctuating agency policy or interpretation. Since our founding in 2001, the USWCC has championed women's full participation in the federal supply chain and believes this bill strengthens a vital pathway to growth and equity.

> **We respectfully urge Congress to swiftly pass H.R. 2804 and reaffirm its commitment to small businesses—and to the economic advancement of women suppliers serving our nation.**

Sincerely,

Margot Dorfman
CEO and Co-Founder
U.S. Women's Chamber of Commerce
www.uswcc.org

National Congress of American Indians | 1516 P St NW, Washington, DC 20005 | (202) 466-7767 | www.ncai.org

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Reggie Tupponce
Upper Mattaponi Indian Tribe

SOUTHERN PLAINS
Reggie Wassana
Cheyenne and Arapaho Tribes of Oklahoma

SOUTHWEST
Raymond Aguilar
Pueblo of Santa Domingo

WESTERN
Randi Lone Eagle
Summit Lake Paiute Tribe

EXECUTIVE DIRECTOR
Larry Wright, Jr.
Ponca Tribe of Nebraska

The National Congress of American Indians
Resolution # CT-25-047

Title: Preserving the "Rule of Two" to Protect Native Entity-Owned Businesses and the Small Business Industrial Base in Federal Contracting

WHEREAS, we, the members of the National Congress of American Indians of the United States, invoking the divine blessing of the Creator upon our efforts and purposes, in order to preserve for ourselves and our descendants the inherent sovereign rights of our Indian nations, rights secured under Indian treaties and agreements with the United States, and all other rights and benefits to which we are entitled under the laws and Constitution of the United States and the United Nations Declaration on the Rights of Indigenous Peoples, to enlighten the public toward a better understanding of the Indian people, to preserve Indian cultural values, and otherwise promote the health, safety and welfare of the Indian people, do hereby establish and submit the following resolution; and

WHEREAS, the National Congress of American Indians (NCAI) was established in 1944 and is the oldest and largest national organization of American Indian and Alaska Native tribal governments; and

WHEREAS, two recently issued Executive Orders, *Restoring Common Sense to Federal Procurement* and *Ensuring Commercial, Cost-Effective Solutions in Federal Contracts,* call for sweeping changes to the Federal Acquisition Regulation (FAR)- directing federal agencies to eliminate or revise procurement regulations that are not explicitly required by statute or deemed necessary to support efficiency, simplicity, or national interests; and

WHEREAS, these changes may weaken or eliminate longstanding procurement provisions, such as the **Rule of Two**, which protects competition and access for small businesses, and will disproportionately harm Native entity-owned businesses, eroding the federal government's trust and treaty responsibilities; and

WHEREAS, the "Rule of Two," implemented in the Federal Acquisition Regulation (FAR), requires federal agencies to set aside a contract for small businesses when there is a reasonable expectation that at least two responsible small businesses can perform the work at a fair market price; and

National Congress of American Indians | 1516 P St NW, Washington, DC 20005 | (202) 466-7767 | www.ncai.org

WHEREAS, the Rule of Two provides protection to ensure small businesses, including Native entity-owned small businesses, have access to federal contracting opportunities and are not unfairly excluded in favor of larger or non-Native entities; and

WHEREAS, preserving the integrity of the Rule of Two safeguards the small business industrial base, prevents unnecessary consolidation of federal contracts, and upholds the Congressional intent of the Small Business Act to foster competition and diversity within the federal marketplace; and

WHEREAS, erosion of the Rule of Two would undermine Native entity-owned businesses' ability to fairly compete for federal contracts, threatening Tribal economies and hindering the federal government's trust and treaty obligations.

NOW THEREFORE BE IT RESOLVED, that the National Congress of American Indians (NCAI) calls upon Congress, the White House, the U.S. Small Business Administration (SBA), the Office of Federal Procurement Policy (OFPP), and all federal agencies to preserve, enforce, and strengthen the Rule of Two in federal acquisition policy and practice; and

BE IT FURTHER RESOLVED, that NCAI urges the federal government to ensure the Rule of Two is applied consistently across all federal procurement vehicles and that Native entity-owned businesses continue to benefit from the full scope of small business protections afforded by law; and

BE IT FINALLY RESOLVED, that this resolution shall be the policy of NCAI until it is withdrawn or modified by subsequent resolution.

CERTIFICATION

The foregoing resolution was adopted unanimously by the NCAI Executive Committee on June 17, 2025, following recommendations of adoption by the relevant Committees and referral from the General Assembly at the 2025 Mid Year Convention of the National Congress of American Indians, held June 8-11, 2025, in Mashantucket, CT.

Mark Macarro, President

ATTEST:

Leonard Fineday, Recording Secretary



National Congress of American Indians | 1516 P St NW, Washington, DC 20005 | (202) 466-7767 | www.ncai.org

PSC

July 7, 2025

Office of Management and Budget
Office of Information and Regulatory Affairs
725 17th Street NW,
Washington, DC 20503

Re: PSC Comments Regarding FAR Part 10 Model Deviation

On behalf of the Professional Services Council (PSC), I am pleased to submit comments regarding the Federal Acquisition Regulation (FAR) Council's FAR Part 10 Model Deviation (the Model Deviation), as published on the Revolutionary FAR Overhaul (RFO) website (https://www.acquisition.gov/far-overhaul) on May 22, 2025.[1] With the goal of facilitating faster acquisitions, greater competition, and better results for federal agencies and the U.S. taxpayer, the overall RFO effort is a much-anticipated opportunity to revise and streamline the FAR. FAR Part 10—which prescribes policies and procedures for conducting market research regarding acquiring, distributing, and supporting supplies and services for the federal government—play a critical role in improving acquisitions, competition, and results.

As you may know, PSC is an industry association with ~400 member companies—small, mid-sized, and large—that provide technology, professional, and other services to all federal agencies. These companies and their workers throughout America are committed to the fulfillment of U.S. Government missions. PSC supports our members and their federal customers by advocating for best business practices within and outside of the FAR to help the government be a "smarter customer and better buyer" and to improve contract outcomes through common sense, streamlined acquisition policies and practices.

With that in mind, PSC also supports the government's efforts to streamline the FAR, especially when such efforts promote flexibility, innovation, and competition in the federal contracting marketplace for contractors of all sizes. PSC's comments below aim to support development of an effective RFO that "creates a more effective, agile and efficient procurement system by removing barriers and unnecessary regulations and allowing for expansion of the industrial base"[2] and that by extension also reduces burdensome and/or unnecessarily duplicative compliance requirements.

Regarding FAR Part 10 in particular, PSC solicited member companies' insights and feedback on the subject Model Deviation. The following comments reflect responses from both our members, as well as the PSC staff and are, broadly speaking, focused on:

- Ensuring retention of appropriate government mechanisms for small business competition;
- Ensuring that Buying Guides include appropriate oversight and performance mechanisms, market research timelines, and other elements that align with interconnected FAR parts; and

[1] FAR Part Deviation Guidance: Part 10 – Market Research, Acquisition.gov, May 22, 2025.
[2] Executive Order (EO) 14275: Restoring Common Sense to Federal Procurement, April 15, 2025.

- Revising market research priorities to include non-developmental item (NDI) consideration for comparison with commercial items and services in terms of reasonability, mission, and cost-effectiveness.

Ensuring retention of appropriate government mechanisms for small business competition

PSC notes that the FAR Part 10 Model Deviation removes explicit references to small business market research considerations and outlines a five-point priority structure that specifically emphasizes use of governmentwide contract vehicles and commercial products and services. Some PSC member companies expressed strong concern that such steps do not support the government's approach for offering contract opportunities and fair competition to small businesses and new entrants to the federal market. As written, this Model Deviation may exacerbate a decline of small business participation in the federal market (i.e., between 2010 and 2024, the number of small businesses winning contracts has decreased 50 percent).[3]

Of note, since 2021, PSC has monitored a perhaps-unanticipated trend vis-à-vis category management: in some cases, category management shifts dollars and projects already secured by small businesses to big, best-in-class vehicles (i.e., through multiple award contracts and contract consolidation) that are often cost-prohibitive for stand-alone small businesses. Winning higher-tier, often consolidated contracts serving multiple agencies requires more staff, greater upfront costs, and additional certifications—which can prove a challenge to small businesses. This trend may be contributing to the decline of the number of small business prime contractors.[4]

The government may plan to provide contracting officers with flexibility to set aside appropriate work for small businesses. However, without a market research requirement to determine small business set-asides, the resulting competition may emphasize other-than-small businesses with advanced capabilities over small businesses, and teaming structures might emphasize larger small businesses at the high-end of their revenue size standards, rendering stand-alone smaller businesses and new entrants unable to compete in the governmentwide contract preference approach.

PSC Recommends: The FAR Council should ensure that small business participation and early engagement are not diminished under the new structure by detailing what mechanisms, cross-references, or supplementary guidance will be provided to ensure continuity and compliance with statutory obligations under FAR Parts 7 and 19.

Ensuring that Buying Guides include appropriate oversight and performance mechanisms, market research timelines, and other elements that align with interconnected FAR parts

While PSC supports reasonable reduction of prescriptive methods for conducting market research, the Model Deviation does not appear to address adequately agency needs for consistent, effective market research practices (e.g., factors such as acquisition size, complexity, risk). While the government seeks to improve flexibility and reduce complexity, this reduction—when combined

[3] Under the Microscope: Reviewing the SBA's Small Business Size Standards, Hearing, U.S. House Committee on Small Business, February 6, 2024.
[4] Growing the Small Business Supplier Base in Government Contracting, Hearing, House Committee on Small Business, (October 13, 2021).

with simplified language around documenting market research results—may result in greater opacity that could increase confusion.

PSC Recommends: Prior to the RFO Phase II rulemaking, the government should provide supplemental strategic acquisition guidance in its Buying Guides that establish standardized training, oversight mechanisms, and performance metrics to ensure alignment with statutory objectives and best practices. Such guidance should also provide clarity on documentation standards based on acquisition size, complexity, and risk.

The FAR Council could also improve on current practices by including in any Buying Guide a timeline of the key market research milestones associated with any potential procurement to include, but not be limited to: the approximate date of when the Sources Sought / Request for Information market research submissions will be completed; the approximate date by which the compiled market research data will be sent to agencies seeking the research; details on what elements the agency seeking the market research will analyze and assess; and the approximate date by when the agency's market research process has been completed.

Additionally, the Model Deviation retained Clause 52.210-1 for use in non-commercial acquisitions over $6 million. Given the shift in market research responsibilities, the FAR Council should issue updated prescription guidance for this clause to ensure it is used appropriately and in accordance with 10 U.S.C. 3453(c).

Revising market research priorities to include non-developmental item (NDI) consideration for comparison with commercial items and services in terms of reasonability, mission, and cost-effectiveness

Regarding the Model Deviation's commercial solutions framework, the government may inconsistently apply a preference for commercial solutions to avoid high development costs, rather than include NDIs or capabilities already developed and produced for agency missions. While PSC recognizes the directions within Executive Order (EO) 14271, *Ensuring Commercial, Cost-Effective Solutions in Federal Contracts,* commercial solutions may not prove most relevant or cost-effective for government missions over proven NDIs or existing solutions.

In fact, the government seems to hold no preference for NDIs under the recently published FAR Part 11: Agency Needs Model Deviation and states that acquisition officials, to the maximum extent practicable, "define requirements in terms that enable and encourage offerors to supply commercial products or commercial services or, to the extent that commercial products suitable to meet the agency's needs are not available, nondevelopmental items, in response to the agency solicitations"[5] (emphasis added). Therefore, the prioritization as written is inconsistent vis-à-vis needed solutions that may reasonably be simply better options for mission outcomes than commercial solutions.

As written in the Model Deviation, the current "preference" seems to presume that commercial products can meet Government requirements for a lower cost and/or faster schedule, which is not always true. Commercial items, particularly when modifications are required, are not required to

[5] FAR Part Deviation Guidance: FAR Part 11 – Agency Needs, Acquisition.gov. June 18, 2025.

undergo a lifecycle cost and schedule assessment and directly compared to the life-cycle cost/schedule of non-developmental or purpose-built items. Instituting a priority for commercial items and governmentwide contracts without inclusion of supplementary market research procedures for such assessments could result in a bias against purpose-built products and non-commercial companies—and ultimately drive potential increased cost to the taxpayers and/or delays in meeting civilian and warfighter needs.

PSC Recommends: The government should revise market research priorities to reflect above-mentioned concerns—i.e., include non-developmental item consideration for comparison with commercial items and services in terms of reasonability, mission, and cost-effectiveness. In any Buying Guide, the government should establish a lifecycle cost and schedule assessment for commercial items.

PSC welcomes additional discussion with the FAR Council on any of these matters. If you have questions or concerns about these comments and recommendations, please contact PSC's Director for Procurement Policy, Sebastian Herrick, at herrick@pscouncil.org or (703) 875-8059. Thank you for your consideration.

Sincerely,

Stephanie Sanok Kostro

Stephanie Sanok Kostro
President



Statement for the Record

On behalf of

Workplace Solutions Association

Before the

U.S. House Committee on Small Business
Subcommittee on Contracting and Infrastructure

"Leveling the Playing Field: Fostering Opportunities for Small Business Contractors"

Chairman LaLota, Ranking Member Cisneros, and Members of the Subcommittee:

On behalf of the Workplace Solutions Association (WSA) and the thousands of small independent businesses in the office products industry we represent across the country, thank you for the opportunity to submit this statement for the hearing record.

Small businesses are the backbone of the American economy. According to the U.S. Small Business Administration, there are more than 33 million small businesses in the United States—accounting for 99.9% of all U.S. businesses and employing over 61 million Americans. These businesses not only drive innovation and job creation but also contribute more than 40% of the U.S. Gross Domestic Product. They are the engines of economic opportunity in every congressional district.

Nowhere is this more evident than in the federal procurement system, where small businesses have historically played a critical role in delivering cost-effective, high-quality goods and services to agencies across government. Yet, this vital sector is under increasing threat as the rules of procurement evolve and large, multinational corporations begin to dominate the landscape.

We commend this Committee for holding today's hearing and for your continued focus on fostering opportunities for small business contractors. We also strongly support recent guidance and efforts initiated by President Trump to improve federal procurement policies and systems. His business-minded approach to government reform—particularly in modernizing the General Services Administration (GSA) and Federal Acquisition Regulation (FAR)—is long overdue and essential to reducing waste and fraud, improving government efficiency, and expanding opportunities for small businesses.



However, while we welcome these reforms, we are also deeply concerned that certain changes, if not carefully implemented, may inadvertently put small businesses at risk. There is growing fear within our community that these efforts—if overly tilted in favor of large, multinational corporations—could shut the door on small businesses' ability to serve the federal government altogether. The result would not only be the loss of federal contracts, but potentially the closure of long-standing small businesses that have been dedicated public sector partners for decades.

As federal procurement evolves, we must ensure that small businesses are not forced to compete against global giants like Amazon and Walmart in sectors—such as office supplies—where small businesses have traditionally thrived. No small business can compete on price alone with multi-billion-dollar corporations operating at massive scale. Without targeted protections and balanced policies, small firms risk being crowded out of the marketplace.

As the Committee examines how to create a fair and level playing field, we respectfully urge Congress to ensure that small business voices are at the forefront of any reform effort. In particular, we ask the Committee to take the following critical actions:

1. Preserve and Strengthen Small Business Contracting Requirements
Federal agencies must not be allowed to sidestep small business contracting goals through marketplace pilot programs or reform initiatives. Any change to federal procurement systems must preserve longstanding small business participation requirements, not undermine them. We must ensure small businesses are not forced to compete against trillion-dollar conglomerates for basic office supplies, facility products, and other routine goods—areas where small businesses have long delivered exceptional value and service.

2. Prohibit Online Marketplace Providers from Selling Their Own Products on Government Platforms They Operate
Congress must prohibit any online platform provider from using its role as a government platform host to gain an unfair advantage by selling its own products. Allowing companies to both manage the platform and compete on it creates an inherent conflict of interest, undermines fair competition, and threatens the viability of small business contractors. This model enables platform hosts to prioritize their own products and gain access to competitors' proprietary data—giving them an unfair advantage in pricing, delivery, and customer access.

3. Require Full and Open Competition in Awarding Online Marketplace Contracts
Current GSA procurement practices for awarding online marketplace contracts circumvent full and open competition—granting awards through opaque, non-competitive methods. Congress must require that all platform hosting contracts be awarded through a transparent and competitive bidding process that adheres to federal procurement principles. Fair competition ensures the best value for taxpayers and opens the door to more diverse small business participation.



4. Establish an Industry Advisory Group for Online Marketplaces
To ensure that future procurement platforms meet the intent of Congress and adapt to evolving technology and market dynamics, we urge Congress to require GSA to establish an Industry Advisory Group. This group should include representatives from small businesses and independent industry experts to provide guidance on marketplace design, pricing models, security, data integrity, and the evolving needs of federal buyers. Such a body would ensure accountability, transparency, and an inclusive process moving forward.

5. Streamline the GSA Schedules Program and Eliminate Redundant, Wasteful Buying Channels

Congress must take decisive steps to modernize and streamline the GSA Schedules Program. While accountability and compliance are essential, the current system is overly complex, burdensome, and filled with red tape that disproportionately impacts small businesses. Worse, a patchwork of redundant buying programs has emerged across agencies, wasting taxpayer dollars and diluting true competition. We must avoid creating a "Wild West" of procurement where oversight is lacking, and rules are inconsistently applied. Instead, we urge Congress to focus on rationalizing the system—consolidating overlapping programs, improving efficiency, and holding all participants accountable.

Small businesses are uniquely positioned to help the federal government achieve cost savings, drive innovation, and improve procurement accountability. Reforming GSA processes and updating the FAR—done the right way—can unleash the full potential of America's entrepreneurial engine. But any modernization effort must be done with small businesses, not to them.

Congress must resist any temptation to hand over the government procurement system to massive online retailers who have a long history of anti-competitive behavior. Instead, we should be lifting up the small, community-based suppliers who have been reliable government partners for decades.

We urge this Committee and Congress to act boldly, deliberately, and inclusively in your pursuit of reform. Hold future hearings that spotlight industries—such as the office supply sector—that are comprised predominantly of small businesses. These suppliers have real-world experience navigating the GSA, deep insights into the challenges and inefficiencies of current systems, and concrete recommendations that can help build a more effective and responsive procurement framework.

On behalf of the small business community, thank you again for your leadership and for recognizing that America's small businesses must continue to be essential partners in building a more modern, competitive, and accountable federal government.

We look forward to working with you to advance real solutions that empower small businesses—not handouts, but meaningful opportunities to compete, grow, and ultimately scale into the next generation of American success stories. Time and again, small businesses have answered the call



during our nation's most difficult moments. Whether it was stepping up during natural disasters, providing critical support during national emergencies, or keeping communities afloat throughout the COVID-19 pandemic, small businesses have consistently been on the front lines. In many cases, they were the ones who kept the economy moving when everything else stood still. This country was built on the grit and determination of small business owners, and we urge Congress to stand with us to ensure we can continue delivering the highest-quality products, services, and innovative solutions to our federal government.

WCOE
Women Construction Owners & Executives, USA
www.wcoeusa.org

September 10, 2025
WCOE Statement for the Record
House Small Business Committee
Subcommittee on Contracting and Infrastructure Hearing
"Leveling the Playing Field: Fostering Opportunities for Small Business Contractors."

Women Construction Owners and Executives (WCOE) recognizes the increasing disparity of contracting opportunities between small and large companies and is pleased the House Small Business Subcommittee on Contracting and Infrastructure scheduled its hearing, *"Leveling the Playing Field: Fostering Opportunities for Small Business Contractors."* Small businesses are crucial to the national economy and local communities, employing local residents and using regional services to increase tax revenue and fund public services.

WCOE is a national trade association that has represented women owners and executives in the construction industry for over 40 years. The vast majority of WCOE firms are small businesses. Women professionals contribute significant expertise to the field, consistently challenging stereotypes. Success in this sector is determined by skill and perseverance, irrespective of gender. WCOE advocates for equitable procurement practices in both the public and private market, working to create opportunities for women-owned small businesses within the industry.

This is a critical period for WCOE members and other small businesses in the construction sector as they anticipate construction will feel the full effects of tariffs on industry materials and construction costs. WCOE urges the Committee, Congress, and the Administration to carefully consider the distinct needs and concerns of small businesses, recognizing their essential role in both the national economy and local communities. Small businesses in construction are lean operations. They do not have deep pockets or supply chain redundancy. In addition, advanced technology and cyber security platforms can be unaffordable for small businesses. Unlike larger organizations that leverage their purchasing power to obtain more favorable terms to manage unforeseen cost increases, small businesses are more vulnerable to financial pressures.

Congressionally Mandated Set-Aside Programs Play a Critical Role for Small Businesses

Agency goals for small businesses in the construction industry provide pathways for small businesses to grow. Unfortunately, while bias may not always be readily apparent, it continues to exist, making government involvement significant for small businesses. For instance, a highly qualified engineering firm owned by a WCOE member has consistently won bids from a major firm on projects with specific goals but has not been selected for that firm's private contracts, despite having successfully completed comparable work.

Set-aside programs create competitive environments where qualified businesses can present their capabilities without competing against large industry firms. For small and disadvantaged businesses,

these programs often provide an entry point into federal contracting, bringing good jobs, helping local communities and families thrive. Success in set-aside contracts establishes crucial past performance credentials that enhance competitiveness for future opportunities, positioning small businesses for future success.

Agency Accountability Essential for Goals: WCOE has consistently proposed that agencies and contracting officers receive incentives for meeting goals and be held responsible for failing to achieve them. It is important to note that the Congressionally mandated, Women-Owned Small Business (WOSB) program goals – currently only 5% of all contracting dollars -- have been met only twice since 1996, despite the enormous value these firms bring to communities and families. Similarly, the HUBZone program has never met its goal of awarding 3% of eligible prime contracts to HUBZone small businesses.

WCOE believes goals should be increased. A New York City study showed that increased goals increased contract awards.

Transparency in the Procurement Scorecard: WCOE has advocated for reforms to the Procurement Scorecard and Certification Requirements. The organization acknowledges the efforts of the Small Business Committee and commends the House for passing two significant bills—Ranking Member Velazquez's H.R. 1816, the WOSB Accountability Act, which prohibits non-SBA certified WOSBs from being counted towards WOSB goals, and H.R. 818, the Small Business Procurement and Utilization Reform Act, introduced by Rep. Stauber, which mandates that the SBA report the number of small businesses, including women-owned small businesses, receiving a prime contract for the first time in the annual Procurement Scorecard. However, further measures are necessary to enhance transparency within the Scorecard. This need arises especially as the total dollar value awarded to small businesses increases, yet fewer companies benefit from these contracts. For instance, there is a considerable distinction between awarding two million dollars across 25 companies versus only 5 companies. WCOE recommends that reports should also detail amounts allocated according to NAICS codes.

Manage Federal Contract Bundling and Consolidation: WCOE supports Congressional action directing agencies to break large contracts into smaller, more manageable pieces wherever feasible. This will strengthen not only the construction sector but also the broader economy. Congress must ensure that agencies conduct thorough impact assessments before approving bundled contracts, so they do not unintentionally exclude capable small businesses from the bidding process. A government-wide shift toward consolidation and multi-award contracts were conceived to increase efficiency and economize. This approach effectively raises the barriers to entry for smaller firms. Projects become so large and complex that only major companies can submit bids, undermining the competition that small businesses bring to industry.

Make the "Rule of Two" a Statutory Requirement: The Committee should consider H.R. 2804, Protecting Small Business Competitions Act, by Small Business Ranking Member Velazquez. The "rule of two" stipulates that federal agencies should reserve contracts for small businesses if there are at least two qualified firms able to compete on price, quality, and delivery. Codifying the Rule of Two would

ensure that government acquisition guidelines continue to permit small businesses to participate in and win a share of government contracts. Estimates indicate that the rule's application could redirect over $6 billion in annual federal spending to small firms. For WOSBs, this could preserve opportunities while maintaining competition.

Executive Order 14275 permits agencies to remove non-statutory provisions from the Federal Acquisition Regulation (FAR). These changes are being implemented rapidly, and as contract bundling increases, small businesses compete for portions of a more limited pool of contracts,

Preserve the Department of Transportation Disadvantaged Business Program: Congress should address moves that would dismantle the Disadvantaged Business Enterprise (DBE) program, a long-standing federal initiative that's helped small businesses secure a small portion of the billions in transportation contracts.

Without the DBE program, consolidation in the construction industry is likely to occur, reducing opportunities for small business participation as major firms become the primary competitors for public contracts. Increased competition is associated with greater supply chain resilience that benefits the federal government and the taxpayer.

Ensure Small Businesses Get Paid for Changes Orders: WCOE supports H.R. 4615, the Small Business Payment for Performance Act, by Rep. Stauber. This bill would ensure small businesses get paid in a timely manner for change orders requested by a federal government agency on construction projects. Federal contracting officers regularly order changes on the job site and contractors incur unanticipated out-of-pocket cost for an undetermined time which imposes hardship on small businesses which do not have the reserves of large businesses.

Improve Access to Capital Funding Programs: Small businesses face challenges staying competitive, and access to capital is vital for small business owners of any background. The SBA provides financing options for individuals who do not qualify for traditional funding by lowering lender risk through its loan programs. Congress should consider adjusting the availability and accessibility of these programs while addressing concerns about potential fraud.

Conclusion

The House Small Business Committee Subcommittee on Federal Contracting and Infrastructure is addressing a significant Issue. A March 2025 report by the American Small Business Chamber of Commerce (ASBCC) and the Small Business Advocacy and Government Contracting Council (SBAGC) shows a drop in small business participation in federal contracting, which decreased by 49% from FY 2008 to 2023, despite an overall rise in small businesses. Meanwhile, federal contract spending on small firms rose, but funds are now concentrated among fewer companies. This trend threatens competition, supply chain stability, and economic resilience. WCOE urges the Committee to take action to address the needs of small businesses and women-owned businesses, which, according to the Census Bureau, generate $2.1 trillion in receipts, employ 11.4 million people, and contribute $508.5 billion in payroll annually.

Greater Los Angeles African American Chamber of Commerce

Greater Los Angeles African American Chamber of Commerce

501(C) 6

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Delphine Pruitt
Breana Weaver

September 4th, 2025

The Honorable Rick LaLota
Chair, Subcommittee on Contracting and Infrastructure
House Committee on Small Business
U.S. House of Representatives
Washington, DC 20515

Re: Hearing on "Leveling the Playing Field: Fostering Opportunities for Small Business Contractors"

Dear Chair Lalota, Ranking Member Cisneros, and Members of the Subcommittee:

On behalf of the Greater Los Angeles African American Chamber of Commerce, an affiliate of the U.S. Black Chambers, Inc. (USBC), I submit this letter to emphasize the importance of equitable access to federal contracting opportunities for Black-owned businesses and other small firms.

About Our Chamber and Membership

The Greater Los Angeles African American Chamber of Commerce (GLAAACC) represents over 400 Black-owned businesses across the Greater Los Angeles Region. Our members span industries including construction, information technology, professional services, manufacturing, and retail. Minority-owned small businesses are a pillar of the California economy. They account for roughly 46% of all businesses in the state, support 10.9% of all jobs in the state annually, and generate 3.5% of California's economic output. As of 2023, there are approximately 185,000 Black/African American-Owned Businesses in California that are contributing to economic activity and the community, playing a significant part in the health of our community.

As a proud affiliate of the USBC, our Chamber is part of a national network of more than 150 local Black chambers and business associations, collectively serving over **350,000 Black-owned businesses nationwide**.

The State of Black-Owned Businesses

While Black entrepreneurs continue to build and grow enterprises at one of the fastest rates in the country, barriers remain in accessing federal contracts:

- Black-owned businesses represent **3.1 million firms** across the United States but receive **less than 2% of federal contracting dollars each year**.
- The average Black-owned employer business generates **just over $1 million in annual revenue**, compared to more than $6 million for white-owned businesses.
- Black women are the **fastest-growing group of entrepreneurs in America**, yet they remain underrepresented in federal contracting pipelines.

These disparities highlight the persistent structural barriers facing Black business

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owners in the procurement marketplace.

The Negative Impact of Contract Consolidation

On January 20, 2025, President Donald J. Trump signed an Executive Order directing the General Services Administration (GSA) to consolidate federal procurement of common goods and services. While the stated goals are to reduce waste, improve efficiency, and leverage government buying power, the effect on small and minority-owned businesses has been profoundly negative.

- Since January 2025, more than **6,000 federal contracts have been terminated or consolidated** into large-scale procurement vehicles controlled by GSA.
- Agencies have been instructed to designate GSA as the "executive agent" for government-wide acquisition contracts (GWACs) and other large procurement vehicles, shrinking the number of open, competitive opportunities available to small firms.
- While centralized purchasing may produce lower unit costs for items like software licenses, televisions, or office equipment, it **effectively eliminates entry points for small and emerging Black-owned businesses**, which are often best positioned to meet niche or localized needs.

The impact on our members has been immediate and harmful:

- Smaller contracts that once allowed Black-owned businesses to build past performance credentials are disappearing.
- Bundled contracts create scopes of work and financial thresholds that are unattainable for most small firms.
- The reliance on a handful of large prime contractors consolidates opportunity at the top, undermining the federal government's statutory small business contracting goals.

In effect, this Executive Order prioritizes administrative convenience and projected taxpayer savings over equitable access and participation in the federal marketplace. The **result is fewer opportunities for Black-owned businesses, diminished competition, and a retreat from decades of progress toward supplier diversity.**

Why Contracting Equity Matters

For businesses in our region, federal contracting can be transformational. Winning a government contract can mean the difference between survival and growth, and often determines whether a small firm can scale, hire more employees, and reinvest in its community. Expanding access to these opportunities is not only fair but also economically beneficial for the nation as a whole.

Call to Action

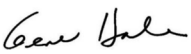
We respectfully urge the Subcommittee to:

1. Strengthen accountability for federal agencies to meet and exceed small and disadvantaged business contracting goals.
2. Expand technical assistance and capacity-building programs to help Black-owned businesses navigate federal procurement.
3. Ensure that contracting reforms and executive orders are implemented with transparency and input from organizations such as USBC and its affiliates.
4. Re-evaluate and mitigate the effects of recent contract consolidation policies, ensuring that cost-savings do not come at the expense of equity and opportunity.
5. Protect and expand programs like HUBZone and DBE that are essential pathways for Black-owned firms to participate in government contracting.

Conclusion

The Greater Los Angeles African American Chamber of Commerce stands ready to work with Congress, federal agencies, and private partners to ensure that Black-owned businesses are fully included in federal contracting opportunities. We thank you for convening this important hearing and for your ongoing commitment to "leveling the playing field."

Respectfully submitted,



Gene Hale

GLAAACC Chairman

Affiliate of U.S. Black chambers, Inc.

O: 323.292.1297

UpState New York Black Chamber of Commerce
150 State Street, 4th Floor
Albany, New York 12207

September 3rd, 2025

The Honorable Rep. Nick LaLota (R)
Chair, Subcommittee on Contracting and Infrastructure
House Committee on Small Business
U.S. House of Representatives
Washington, DC 20515

Re: Hearing on "Leveling the Playing Field: Fostering Opportunities for Small Business Contractors"

Dear Chair LaLota, Ranking Member Cisneros, and Members of the Subcommittee:
On behalf of the UpState New York Black Chamber of Commerce, an affiliate of the U.S. Black Chambers, Inc. (USBC), I submit this letter to emphasize the importance of equitable access to federal contracting opportunities for Black-owned businesses and other small firms.

About Our Chamber and Membership

The UpState New York Black Chamber of Commerce represents over 110 Black-owned businesses across the the Upstate New York Region, including the cities of Albany, Schenectady, Troy, Syracuse, Rochester, Buffalo, Hudson, Kingston, Newburgh, Poughkeepsie. Our members span industries including construction, information technology, professional services, manufacturing, and retail. In 2024, our members generated more than $1.2 million in economic activity, supported over 75 local jobs, and contributed significantly to the tax base and economic health of our community.

As a proud affiliate of the USBC, our Chamber is part of a national network of more than 150 local Black chambers and business associations, collectively serving over **350,000 Black-owned businesses nationwide.**

The State of Black-Owned Businesses

While Black entrepreneurs continue to build and grow enterprises at one of the fastest rates in the country, barriers remain in accessing federal contracts:

- Black-owned businesses represent **3.1 million firms** across the United States but receive **less than 2% of federal contracting dollars each year.**
- The average Black-owned employer business generates just over **$1 million in annual revenue,** compared to more than $6 million for white-owned businesses.
- Black women are the **fastest-growing group of entrepreneurs in America,** yet they remain underrepresented in federal contracting pipelines.

These disparities highlight the persistent structural barriers facing Black business owners in the procurement marketplace.

The Negative Impact of Contract Consolidation

On January 20, 2025, President Donald J. Trump signed an Executive Order directing the General Services Administration (GSA) to consolidate federal procurement of common goods and services. While the stated goals are to reduce waste, improve efficiency, and leverage government buying power, the effect on small and minority-owned businesses has been profoundly negative.

- Since January 2025, more than **6,000 federal contracts have been terminated or consolidated** into large-scale procurement vehicles controlled by GSA.
- Agencies have been instructed to designate GSA as the "executive agent" for government-wide acquisition contracts (GWACs) and other large procurement vehicles, shrinking the number of open, competitive opportunities available to small firms.
- While centralized purchasing may produce lower unit costs for items like software licenses, televisions, or office equipment, it **effectively eliminates entry points for small and emerging Black-owned businesses,** which are often best positioned to meet niche or localized needs.

The impact on our members has been immediate and harmful:

- Smaller contracts that once allowed Black-owned businesses to build past performance credentials are disappearing.
- Bundled contracts create scopes of work and financial thresholds that are unattainable for most small firms.
- The reliance on a handful of large prime contractors consolidates opportunity at the top, undermining the federal government's statutory small business contracting goals.

In effect, this Executive Order prioritizes administrative convenience and projected taxpayer savings over equitable access and participation in the federal marketplace. **The result is fewer opportunities for Black-owned businesses, diminished competition, and a retreat from decades of progress toward supplier diversity.**

Case Example: Local Impact of Consolidation

In 2024, a [City/Region]-based Black-owned IT services firm with 25 employees held three small federal contracts providing cybersecurity support to regional offices of a federal agency. These contracts averaged $750,000 each and were the firm's primary revenue source, supporting high-wage technical jobs in the community.

Following the January 2025 consolidation order, these contracts were rolled into a single government-wide acquisition contract managed by GSA, with a minimum threshold of $50 million. The small firm, despite excellent past performance, was ineligible to bid. Within six months, the company laid off 12 employees, lost critical past performance history, and faces possible closure. Meanwhile, the consolidated work was awarded to a large, out-of-state prime contractor.

This example is representative of what many Black-owned small businesses in our Chamber are experiencing: fewer contract opportunities, diminished competitiveness, and real losses of jobs and capacity in our communities.

Why Contracting Equity Matters

For businesses in our region, federal contracting can be transformational. Winning a government contract can mean the difference between survival and growth, and often determines whether a small firm can scale, hire more employees, and reinvest in its community. Expanding access to these opportunities is not only fair but also economically beneficial for the nation as a whole.

Call to Action

1. We respectfully urge the Subcommittee to:
Strengthen accountability for federal agencies to meet and exceed small and disadvantaged business contracting goals.

2. Expand technical assistance and capacity-building programs to help Black-owned businesses navigate federal procurement.

3. Ensure that contracting reforms and executive orders are implemented with transparency and input from organizations such as USBC and its affiliates.

4. Reevaluate and mitigate the effects of recent contract consolidation policies, ensuring that cost-savings do not come at the expense of equity and opportunity.

5. Protect and expand programs like HUBZone and DBE that are essential pathways for Black-owned firms to participate in government contracting.

Conclusion

The UpState New York Black Chamber of Commerce stands ready to work with Congress, federal agencies, and private partners to ensure that Black-owned businesses are fully included in federal contracting opportunities. We thank you for convening this important hearing and for your ongoing commitment to "leveling the playing field."

Respectfully submitted,

Anthony M. Gaddy



Co-Founder & President/CEO
UpState New York Black Chamber of Commerce
Affiliate of U.S. Black Chambers, Inc.
(518) 520-4040

CENTER FOR ENTREPRENEURIAL OPPORTUNITY

WRITTEN STATEMENT FOR THE RECORD

U.S. HOUSE COMMITTEE ON SMALL BUSINESS CONTRACTING AND INFRASTRUCTURE SUBCOMMITTEE

"LEVELING THE PLAYING FIELD: FOSTERING OPPORTUNITIES FOR SMALL BUSINESS CONTRACTORS"

September 10, 2025

Imani Augustus

Director, Center for Entrepreneurial Opportunity

Dear Chair LaLota, Ranking Member Cisneros, and members of the Committee:

The Center for Entrepreneurial Opportunity is a national partnership between Third Way, a leading think tank committed to modern policy solutions, and the National Urban League, a historic advocacy organization focused on economic empowerment for underserved communities. Together, we champion federal policies that dramatically increase entrepreneurial opportunity and help more Americans start and expand successful businesses.

Federal contracting supports over $600 billion in annual government spending, but small businesses remain significantly underrepresented among recipients of federal contracts. Despite critical contributions to innovation and local economies, fewer than one in five federal contracting dollars reaches a small firm, and participation rates for minority- and women-owned businesses continue to lag. In Fiscal Year 2024, $174.9 billion in federal contracting dollars went to small businesses (28% of total awards).[1] Of that amount, less than 5% went to Black, Hispanic, or Asian businesses despite their significant gains in business ownership in recent years.

Recognizing these disparities, the Small Business Administration and the Federal Acquisition Regulation established policies designed to level the playing field for small businesses in government procurement. The Rule of Two requires agencies to set aside contracts for small businesses when market research shows at least two small firms can deliver at fair prices. The non-statutory rule currently applies to standalone contracts above the simplified acquisition threshold but could have even greater impact if applied to larger multiple-award contracting vehicles. The Small Business Administration has already sought to implement this change as recommended by the Office of Federal Procurement Policy.[2]

Ranking Member Velázquez has introduced H.R. 2804, the "Protecting Small Business Competitions Act", a bill to formally codify the Rule of Two with a vital change: the bill would extend the Rule of Two to "task and delivery orders" under multiple-award contracts. The bill would ensure small businesses have access not only to standalone contracts but also to billions of dollars in orders issued under agency-wide contracting vehicles.[3] This closes a key loophole, preventing agencies from bypassing small business set-aside opportunities when using these contracting structures.

We support passage of H.R. 2804 as an approach to ensuring small firms have a fair opportunity to enter, compete, and succeed within the federal procurement landscape. The Rule of Two is

essential to federal efforts to meet and exceed statutory small business contracting goals. As Chairman LaLota noted in a small business committee hearing last year, "over the last decade, the number of small businesses receiving federal contracts has dropped in half, and the number of new small businesses entering the federal contracting space declined by almost 60%".[4] By reserving opportunities for small firms when two or more are qualified, the Rule prevents market consolidation among larger enterprises and sustains a broad, vibrant base of small business suppliers.

Furthermore, codifying and expanding the Rule of Two uniquely benefits small, disadvantaged firms. The process triggers contracting officers to consider set-asides for the 8(a) Business Development Program, the HUBZone Program, Service-Disabled Veteran-Owned Small Businesses, and Women-Owned Small Businesses—providing underrepresented entrepreneurs a pathway into federal contracting. These programs increase competition, spark innovation, and build wealth in historically disadvantaged communities.

The Center for Entrepreneurial Opportunity appreciates the Committee's leadership in holding this important hearing. We urge the Committee to adopt H.R. 2804 to securely codify and expand the Rule of Two, ensuring that federal contracting remains an engine for inclusive economic development, resilience, and American innovation.

Sincerely,



Imani Augustus

Director

Center for Entrepreneurial Opportunity

Third Way

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[2] "Small Business Contracting: Increasing Small Business Participation on Multiple Award Contracts." Federal Register, 25 Oct. 2024, https://www.federalregister.gov/documents/2024/10/25/2024-24716/small-business-contracting-increasing-small-business-participation-on-multiple-award-contracts. Accessed 8 Sept. 2025.

[3] United States, Congress, House. Protecting Small Business Competitions Act of 2025. Congress.gov, https://www.congress.gov/bill/119th-congress/house-bill/2804. 119th Congress, House Bill 2804, introduced 2025.

[4] "LaLota: 'Leveling the Playing Field: Challenges Facing Small Business Contracting'." *House Small Business Committee*, 15 Feb. 2024, https://smallbusiness.house.gov/news/documentsingle.aspx?DocumentID=405886#:~:text=First%2C%20the%20number%20of%20small,entering%20the%20federal%20contracting%20system. Accessed 8 Sept. 2025



Brian Carlin, CEO
Purple Jay, LLC
44679 Endicott Dr Ste 234
Ashburn VA 20147

Date: July 2, 2025

Chairman Nick LaLota
House Committee on Small Business,
Subcommittee on Contracting and Infrastructure
2360 Rayburn House Office Building
Washington, DC 20515

Ranking Member Gil Cisneros
House Committee Small Business,
Subcommittee on Contracting and Infrastructure
2360 Rayburn House Office Building
Washington, DC 20515

Subject: Strengthening American Businesses & Delivering Value to Taxpayers: The Critical Role of the Rule of Two

Dear Chairman LaLota and Ranking Member Cisneros,

I am writing to you today on behalf of Purple Jay, a proud Service-Disabled, Veteran-Owned Small Business (SDVOSB). We strongly support the continued, robust application of the Rule of Two in federal contracting as a vital component of an "America First" procurement strategy. We believe this principle is fundamental to securing the best value for American taxpayers, fostering competition, and honoring our commitment to those who have served.

Supporting American Veterans & Small Businesses

The Rule of Two – ensuring consideration of at least two qualified SDVOSBs before pursuing other options – is a strategic imperative, and an investment in American ingenuity & the men and women who have bravely defended our nation. At Purple Jay, we're deeply proud that our team is comprised of veterans, military spouses, and individuals raised in military families – people who understand dedication, mission accomplishment, and responsible stewardship of resources.

By actively fostering a competitive landscape for SDVOSBs, we can:

- Reduce Reliance on Large Contractors: SDVOSBs offer a crucial check on the dominance of massive, often bureaucratic, firms. We bring agility, innovation, and a relentless focus on delivering exceptional results. This competition drives down costs and ensures the government isn't overpaying for services.

- Leverage Exceptional Talent: Veterans possess unique skills, leadership qualities, and a proven ability to operate effectively under pressure. SDVOSBs like Purple Jay uniquely attract and retain these highly skilled professionals, offering a direct benefit to federal agencies.
- Maximize Taxpayer Value: SDVOSBs are lean, efficient organizations with lower overhead costs. We deliver high-quality services at a competitive price, providing a strong return on investment for the American people. This aligns with your commitment to responsible fiscal policy.
- Strengthen American Resilience: Investing in veteran-owned small businesses bolsters our national economy and creates jobs right here at home.

The VA's Leadership & the Path Forward

We commend the Department of Veterans Affairs for its unwavering commitment to the Veterans First Contracting Program and its diligent implementation of the Rule of Two. This program has provided invaluable opportunities for Purple Jay – and countless other SDVOSBs – to demonstrate our capabilities and contribute to the VA's vital mission of serving our nation's heroes.

We urge you to champion policies that strengthen the Rule of Two. Consistent and rigorous application of this principle will ensure that the government benefits from the innovation, efficiency, and dedication that SDVOSBs consistently deliver.

Thank you for your time, consideration, and commitment to serving the American people.

Sincerely,

Brian Carlin
CEO, Purple Jay, LLC

Brian Carlin, CEO
brian@purplejay.io
Purple Jay, LLC
44679 Endicott Dr Ste 234
Ashburn VA 20147

Coleman Anderson

August 27, 2025

The Honorable Members of the House Committee on Small Business
Subcommittee on Contracting and Infrastructure
2360 Rayburn House Office Building
Washington, DC 20515

Re: Statement in Support of SBA Programs

Dear Chair and Members of the Subcommittee:

My name is Elethia Singletary, and I am the Founder and CEO of Coleman-Anderson, LLC, a certified woman- and minority-owned management consulting firm headquartered in Hanover, Maryland. I write today to share my experience and express my strong support for the U.S. Small Business Administration (SBA) and its Small Business Development Centers (SBDCs).

My introduction to the SBDC began in 2017, years before I officially launched my firm. At the time, I worked for the U.S. House of Representatives in the Office of the Clerk. During that period, I attended a session with the SBDC at Howard University in Washington, D.C., where I met counselor Necola Shaw. That encounter was pivotal — Ms. Shaw introduced me to the SBA's mission of equipping and empowering aspiring entrepreneurs. It was my first real insight into how the SBDC supports small business owners, not only by providing resources but also by demystifying the process of starting and growing a business. This early exposure shaped my perspective and gave me the knowledge and confidence I needed when I founded Coleman-Anderson in 2019 and formally registered my business in Maryland in 2021.

In 2022, I began working with the Maryland SBDC in Anne Arundel County, under the guidance of Dr. Candace Pruett, who helped me lay the foundation for my company's operations. With her support, I navigated the process of becoming a certified government contractor, worked with the PTAC (now APEX Accelerator), established my operating agreement, and began strategically building a team. Her guidance was instrumental in helping me grow and scale during those critical early years.

When Dr. Pruett was promoted to Deputy Director for the Corridor Region, I transitioned to working with another excellent SBDC counselor, Antonio Nestor Gavidia, who is now helping Coleman-Anderson prepare for international expansion into Africa and the Caribbean.

I must also recognize the role of Ms. Lora Brown, Executive Director of the Maryland SBDC Network, whose leadership and dedication have been pivotal to my success and the success of many other entrepreneurs across the state. Ms. Brown not only ensured that I understood how the Maryland SBDC operates, but also helped me effectively navigate the process of connecting with the right counselor and accessing the resources that matched my business stage and goals. Her leadership has set the tone for an SBDC network that is accessible, effective, and deeply committed to the mission of empowering Maryland's small businesses.

The SBA and its SBDC network have been pivotal in my journey—from providing the initial spark of entrepreneurship to equipping me with the tools, certifications, and expertise necessary to compete in the federal marketplace and scale globally. These programs level the playing field for small, minority, and women-owned businesses like mine, which often face significant barriers in accessing opportunities.

I urge the Subcommittee to continue investing in and strengthening SBA programs, including the SBDCs, WOSB/EDWOSB contracting programs, and other federally funded small business programs like the APEX Accelerators. These initiatives are not handouts; they are high-return investments in America's small businesses that drive economic growth, create jobs, and ensure diverse representation in government contracting.

Thank you for the opportunity to share my story and for your commitment to small businesses. I would be honored to serve as a resource or provide further testimony on how SBA programs have helped Coleman-Anderson succeed.

Respectfully,

Elethia S. Singletary



THE REGIONAL
AFFILIATE COUNCILS
OF NMSDC

September 9, 2025

The Honorable Nicholas LaLota
Chair
Subcommittee on Contracting and Infrastructure
Committee on Small Business
2361 Rayburn House Office Building
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Gil Cisneros
Ranking Member
Subcommittee on Contracting and Infrastructure
Committee on Small Business
2361 Rayburn House Office Building
U.S. House of Representatives
Washington, D.C. 20515

Written Testimony for the Record
Hearing Title: "Leveling the Playing Field: Fostering Opportunities for Small Business Contractors"

Dear Chairman LaLota and Ranking Member Cisneros:

On behalf of the Regional Presidents of the National Minority Supplier Development Council, thank you for the opportunity to submit written testimony for this hearing on fostering opportunities for small business contractors. Our NMSDC network through our regional Council provides essential business services and connects over 17,000 MBEs nationwide to more than 1,700 corporations, resulting in $548.2 billion in economic output annually, sustaining 2 million jobs, with $149.6 billion in total wages earned. We are the nation's largest, most impactful, and most successful no-profit advocacy organization proving growth for all.

Federal contracting has historically been one of the most effective avenues for building wealth and economic mobility in the United States. However, recent policies have created significant barriers that threaten the survival of small businesses in the federal marketplace.
The SBA was established by the Small Business Act of 1953 (Public Law 83-163), signed into law on July 30, 1953, with the dual purpose to create the SBA and preserve small business institutions and free, competitive enterprise. The declared policy of the Congress established in that legislation, which has been regularly reinforced for over the past 72 years, is that *"the Government should aid, counsel, assist, and protect, insofar as is possible, the interests of small-business concerns in order to preserve free competitive enterprise, to insure that a fair proportion of the total purchases and contracts or subcontracts for property and services for the Government… be placed with small-business enterprises, to insure that a fair proportion of the total sales of Government property be made to such enterprises, and to maintain and strengthen the overall economy of the Nation."*

Unfortunately, over the past decade, more than 90,000 small businesses have been lost from the federal contracting base. On February 15, 2024, in this subcommittee and during a hearing with the same title – "Leveling the Playing Field: Challenges Facing Small Business Contracting" – Chairman LaLota identified the problems by stating *"the number of small businesses receiving federal contracts has decreased by 50 percent over the past 10 years… nearly 60 percent fewer small businesses are entering the federal contracting system…"*

The Chairman also highlighted *"the systemic failures in the federal acquisition process, which undermines small business participation in contracting."*

This decline represents far more than just numbers — it is the erosion of innovation, local job creation, and the diverse entrepreneurial ecosystem that underpins our economy. Small businesses are not just vendors; they are economic anchors in communities, providing good jobs and reinvesting locally. Their absence weakens supply chains, slows innovation, and ultimately drives up costs for taxpayers.

Unfortunately, deleterious actions by previous and the current Administration are not only continuing but are expediting the reduction in small business participation on government contracting.

Review and Reform Category Management:
Category management, while originally intended to streamline procurement and eliminate duplication, has had unintended consequences. It has concentrated contracting opportunities within a handful of large corporations that dominate Best-in-Class (BIC) vehicles, while limiting open competition and excluding highly qualified small firms who lack access to these vehicles. This approach effectively fast-tracks large incumbents, making it difficult for new entrants to gain a foothold, and undermines the congressional intent of small business set-aside programs. As a result, the long-term health of the federal industrial base is at risk.

When small businesses are squeezed out of federal contracting, taxpayers lose because there are fewer competitors to keep prices fair, innovation suffers as agile and creative firms are sidelined, and communities decline as local businesses close and jobs disappear. Moreover, the government becomes less resilient as it grows increasingly reliant on a shrinking pool of large vendors. This is not just a procurement issue — it is a matter of economic security and national competitiveness.

To reverse this trend and restore a level playing field, we urge Congress to review and reform the BIC program to ensure small businesses have meaningful access to federal contracting opportunities. Congress should expand and enforce small business set-asides, particularly in industries where small firms have been pushed out, and require agencies to increase transparency by reporting the impact of category management on small business participation. Additionally, establishing clear on-ramps for new and emerging small businesses to compete and holding agencies accountable for meeting small business contracting goals will help strengthen and diversify the federal marketplace.

Maintain the Rule of Two:
The Rule of Two is a cornerstone of federal small business contracting, first adopted by the Navy in 1964 and expanded government-wide by 1984. It requires contracting officers to set aside procurements for small businesses when there is a reasonable expectation that at least two qualified small firms will submit offers at fair market prices. This rule has been instrumental in ensuring that small businesses—particularly

those that are minority-, women-, and veteran-owned—can successfully enter and compete in the federal marketplace. Over the decades, it has driven growth in small business participation, strengthened local economies, and provided the government with diverse and innovative suppliers, helping to maintain a robust and resilient industrial base.

Members of Congress and small business advocates have repeatedly emphasized the rule's importance. As Ranking Member Velázquez stated, *"The Rule of Two is the foundation of the small business industrial base, making it possible for small businesses to successfully enter, compete, and remain in the federal marketplace."* Recent hearings and bipartisan proposals, such as the Protecting Small Business Competitions Act (H.R. 2804), have sought to codify and expand the rule to counter the growing dominance of large contracting vehicles. Without the Rule of Two, fewer competitors mean higher prices for taxpayers, reduced innovation, and diminished opportunities for local job creation. Strengthening and expanding this rule could inject billions annually into small business contracting, ensuring that federal procurement remains competitive, equitable, and aligned with Congress's longstanding intent to foster small business growth.

Strengthen and Utilize SBA Workforce and Programs:
We strongly support Chairman LaLota's statement during last year's hearing that, particularly in the Department of Defense, *"we must not only consider the primes, but also the tiers of suppliers providing parts for ships, submarines, and planes or businesses providing vital services."*

In February 2022, the Under Secretary of Defense for Acquisition and Sustainment provided a report to Congress stating that stated, *"promoting competition to the maximum extent possible is a top priority for the Department."* The report identified that *"over the past decade, small businesses in the [Defense Industrial Base] DIB shrunk by 40%... the data shows that if the DIB continues along the trend, DoD could lose an additional 1,500 suppliers over the next 10 years. This downward trend is a national security and economic risk to the nation that could lead to a decline in key domestic capabilities and requires swift action to reverse."* The report further recognized that *"consolidations that reduce required capability and capacity and the depth of competition would have serious consequences for national security"* and the Department must take proactive efforts to mitigate these challenges, and to *"increase competition and build domestic capacity, especially from small businesses, and to close gaps in the domestic national security and technology industrial base."*

DoD's own report specifically identified the tools through which they are able to counter these trends by leveraging Federal procurement programs and highlighted the direct benefits the Department receives by stating *"DoD's small business programs play an instrumental role in diversifying the defense supply chain and bringing new entrants, specifically from underserved socio-economic groups, into the defense marketplace."*

These programs – particularly the 8(a), Women-owned, service-disabled Veteran, and HUBZone programs – play a significant role in helping all Federal agencies identify, recruit, and build the capacity within their supply chains. These programs must be utilized to the maximum practicable extent if the original intent of Congress and spirit of the Small Business Act of 1953 are to be achieved. This will be more difficult of the planned 43% cuts to the SBA workforce are implemented, as reported. Further, if the ongoing reductions in staff, funding and authority of contracting officers, Office of Small Disadvantaged Business Utilization (OSDBU) representatives, Ombudsmen, and Procurement Center Representatives (PCRs) continue the

entire infrastructure of how the government facilitates competition in Federal procurement and fosters small business participation will be eliminated.

Small businesses have always been recognized by Congress as the backbone of the federal procurement system and a vital safeguard for America's economy, essential to our economic strength and innovation. The intent of the original drafters of the Small Business Act of 1953 was to preserve free competitive enterprise and ensure that a fair proportion of federal contracts are awarded to small businesses, not merely as a programmatic goal, but as a deliberate strategy to prevent the concentration of federal procurement in the hands of a few large corporations, which could stifle innovation and create monopolistic markets.

Small businesses bring agility, innovation, and regional diversity, providing the government with cutting-edge solutions while supporting local job creation and economic resilience. By fostering a broad base of suppliers, Congress sought to keep markets competitive and to build a globally competitive U.S. industrial base. Today, as the federal government faces complex global challenges, the role of small businesses in providing unique capabilities and preventing over-reliance on a limited number of prime contractors is more important than ever, reflecting both the original vision of the Act and the ongoing necessity of fair and open competition. By acting now, Congress can preserve competition, strengthen supply chains, and ensure taxpayer dollars are used effectively.

We appreciate the Subcommittee's leadership on this issue and look forward to working together to protect and grow our nation's small business industrial base.

Respectfully,

The Regional Presidents of the National Minority Supplier Development Council (NMSDC)
Patricia Crenshaw, Chairman of the Regional Councils, President and CEO of Pacific Southwest MSDC

Sharon Pinder, President and CEO, Capital Region Minority Supplier Development Council
Dominique Milton, President and CEO, Carolinas-Virginia Minority Supplier Development Council
Debra Jennings-Johnson, President and CEO, Chicago Minority Supplier Development Council
Margo Posey, President and CEO, Dallas/Fort Worth Minority Supplier Development Council
Brian Oglesby, President and CEO, Eastern Minority Supplier Development Council
Beatrice Louissaint, President and CEO, Florida State Minority Supplier Development Council
Stacey Key, President and CEO, Georgia Minority Supplier Development Council
Peter F. Hurst, Jr., President and CEO, Greater New England Minority Supplier Development Council
Ingrid M. Robinson, President and CEO, Houston Minority Supplier Development Council
Michelle Sourie Robinson, President and CEO, Michigan Minority Supplier Development Council
Terrence Clark, President and CEO, New York & New Jersey Minority Supplier Development Council
Jason Holton, President and CEO, North Central Minority Supplier Development Council
Karla Malacon, President and CEO, Northwest Mountain Minority Supplier Development Council
George R. Simms, President and CEO, Ohio Minority Supplier Development Council
Alvin-o Williams, President and CEO, Southern Region Minority Supplier Development Council
Cheri Henderson, President and CEO, TriState Minority Supplier Development Council
Donna Ruff, President and CEO, Western Regional Minority Supplier Development Council



SAN FRANCISCO AFRICAN AMERICAN CHAMBER OF COMMERCE

Brigette R. LeBlanc, MTA
President
LeBlanc and Associates, LLC

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Adoubou Traore
President, African Immigrants Network

September 5, 2025

The Honorable LaLota
Chair, Subcommittee on Contracting and Infrastructure
House Committee on Small Business
U.S. House of Representatives
Washington, DC 20515

Re: Hearing on "Leveling the Playing Field: Fostering Opportunities for Small Business Contractors"

Dear Chair LaLota, Ranking Member Cisneros, and Members of the Subcommittee:

On behalf of the San Francisco African American Chamber of Commerce, an affiliate of the U.S. Black Chambers, Inc. (USBC), I am writing to emphasize the importance of equitable access to federal contracting opportunities for Black-owned businesses and other small businesses.

About Our Chamber and Membership

The San Francisco African American Chamber of Commerce represents over 500 Black-owned businesses across San Francisco, CA. Our members span various industries, including construction, information technology, financial services, professional services, manufacturing, and retail. In 2025, our members generated over $5 million in economic activity, supported more than 400 local jobs, and made a significant contribution to the tax base and financial health of our community.

As a proud affiliate of the USBC, our Chamber is part of a national network of more than 150 local Black chambers and business associations, collectively serving over **350,000 Black-owned businesses nationwide**.



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The State of Black-Owned Businesses
While Black entrepreneurs continue to build and grow enterprises at one of the fastest rates in the country, barriers remain in accessing federal contracts:

- Black-owned businesses represent **3.1 million firms** across the United States but receive **less than 2% of federal contracting dollars each year**.
- The average Black-owned employer business generates **just over $1 million in annual revenue**, compared to more than $6 million for white-owned firms.
- Black women are the **fastest-growing group of entrepreneurs in America**, yet they remain underrepresented in federal contracting pipelines.

These disparities underscore the persistent structural barriers that Black business owners face in the procurement marketplace.

The Negative Impact of Contract Consolidation
On January 20, 2025, President Donald J. Trump signed an Executive Order directing the General Services Administration (GSA) to consolidate federal procurement of everyday goods and services. While the stated goals are to reduce waste, improve efficiency, and leverage government buying power, the effect on small and minority-owned businesses has been profoundly negative.

- Since January 2025, more than **6,000 federal contracts have been terminated or consolidated** into large-scale procurement vehicles controlled by GSA.
- Agencies have been instructed to designate the GSA as the "executive agent" for government-wide acquisition contracts (GWACs) and other large procurement vehicles, thereby reducing the number of open, competitive opportunities available to small firms.
- While centralized purchasing may result in lower unit costs for items such as software licenses, televisions, or office equipment, it **effectively eliminates entry points for small and emerging Black-owned businesses**, which are often best positioned to meet niche or localized needs.

The impact on our members has been immediate and harmful:

- Smaller contracts that once allowed Black-owned businesses to build past performance credentials are disappearing.
- Bundled contracts create scopes of work and financial thresholds that are unattainable for most small firms.
- The reliance on a handful of large prime contractors consolidates opportunity at the top, undermining the federal government's statutory small business contracting goals.



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In effect, this Executive Order prioritizes administrative convenience and projected taxpayer savings over equitable access and participation in the federal marketplace. The **result is fewer opportunities for Black-owned businesses, diminished competition, and a retreat from decades of progress toward supplier diversity.**

Case Example: Local Impact of Consolidation

In 2024, a Black-owned IT services firm with 25 employees held three small federal contracts providing cybersecurity support to regional offices of a federal agency. These contracts averaged $750,000 each and were the firm's primary revenue source, supporting high-wage technical jobs in the community.

Following the January 2025 consolidation order, these contracts were rolled into a single government-wide acquisition contract managed by GSA, with a minimum threshold of $50 million. The small firm, despite excellent past performance, was ineligible to bid. Within six months, the company laid off 12 employees, lost its critical past performance history, and faced the possibility of closure. Meanwhile, the consolidated work was awarded to a large, out-of-state prime contractor. This example is representative of what many Black-owned small businesses in our Chamber are experiencing: fewer contract opportunities, diminished competitiveness, and real job losses and capacity reductions in our communities.

Why Contracting Equity Matters

For businesses in our region, federal contracting can be transformational. Winning a government contract can mean the difference between survival and growth, and often determines whether a small firm can scale, hire more employees, and reinvest in its community. Expanding access to these opportunities is not only fair but also economically beneficial for the nation as a whole.

Call to Action

We respectfully urge the Subcommittee to:

1. Strengthen accountability for federal agencies to meet and exceed their goals for contracting with small and disadvantaged businesses.
2. Expand technical assistance and capacity-building programs to help Black-owned businesses navigate federal procurement.
3. Ensure that contracting reforms and executive orders are implemented with transparency and input from organizations such as USBC and its affiliates.



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4. Re-evaluate and mitigate the effects of recent contract consolidation policies, ensuring that cost-savings do not come at the expense of equity and opportunity.
5. Protect and expand programs like the HUBZone and DBE, which are essential pathways for Black-owned firms to participate in government contracting.

Conclusion

The San Francisco African American Chamber of Commerce stands ready to work with Congress, federal agencies, and private partners to ensure that Black-owned businesses are fully included in federal contracting opportunities. We thank you for convening this necessary hearing and for your ongoing commitment to "leveling the playing field."

Respectfully submitted,

Brigette R. LeBlanc

Brigette R. LeBlanc, MTA
President and CEO
San Francisco African American Chamber of Commerce
Affiliate of U.S. Black Chambers, Inc.
415-749-6400

CELEBRATING 20 YEARS SMALL BUSINESS MAJORITY

WRITTEN STATEMENT FOR THE RECORD BEFORE THE U.S. HOUSE COMMITTEE ON SMALL BUSINESS

"LEVELING THE PLAYING FIELD: FOSTERING OPPORTUNITIES FOR SMALL BUSINESS CONTRACTORS"

September 10, 2025

John Arensmeyer
Founder & CEO, Small Business Majority

Dear Chair Williams, Ranking Member Velazquez and members of the House Committee on Small Business:

As a leading representative and advocate on behalf of America's 36 million small businesses, Small Business Majority writes to provide written testimony on the importance of protecting and strengthening access to federal procurement opportunities for small businesses. While federal contracts represent a critical source of capital and opportunity for small businesses, recent actions taken to abruptly pause or outright cancel active contracts, combined with efforts to roll back key regulations that safeguard small business participation in the federal procurement system, threaten to severely harm the nation's smallest contractors and further limit their ability to compete.

Small Business Majority is a national small business organization that empowers America's entrepreneurs to build a thriving and equitable economy. From our 12 offices across the country, we engage our network of more than 85,000 small businesses and 1,500 business and community organizations to deliver resources to entrepreneurs and advocate for public policy solutions that promote inclusive small business growth. Our work is bolstered by extensive research and deep connections with the small business community that enables us to educate stakeholders about keys issues impacting America's entrepreneurs, with a special focus on the smallest and most under-resourced businesses.

Small businesses continue to face barriers in accessing federal contract opportunities

For many small businesses, federal procurement opportunities provide a reliable, consistent revenue stream that helps them build a strong track record and secure additional opportunities for growth. However, navigating the federal procurement system is no easy feat, and small business owners face more difficulty in navigating this cumbersome process than larger, more established businesses. Due to the complexity of the federal procurement system, which is dominated by more established contractors, small businesses looking to break into the system require a great deal of guidance, mentorship and "knowing the right person at the right time" to obtain a contract that makes a real difference for their business.

A recent survey conducted by Small Business Majority found that the main barriers preventing small businesses from obtaining a contract, from either the federal government or larger companies, are that they don't know where to find opportunities (26%), they don't think their business would qualify (22%), and the high costs associated with pursuing a contract (12%).[1] Furthermore, 61% of businesses surveyed indicated that they do not have any form of procurement certifications, which can include certain SBA certifications like the 8(a) certification and Women-Owned Small Business (WOSB) certification that can help increase the likelihood of obtaining a federal contract.[2] Additionally, many small businesses simply

[1] "Voice of Main Street: Entrepreneurs struggle to access funding, support policies that increase availability of responsible capital." Small Business Majority. April 30, 2025. https://smallbusinessmajority.org/our-research/voice-of-main-street/entrepreneurs-struggle-access-funding-support-policies-increase-availability-responsible-capital

[2] Ibid.

do not have the ability to cover the overhead costs that are associated with larger federal contracts, like purchasing new equipment or hiring additional staff. Our survey found that 29% of small businesses would be unable to cover expenses prior to receiving their first contract payment, while 34% were unsure and 37% said they would be able to cover expenses.

While small businesses can face several barriers in their pursuit of a federal contract, business owners in Small Business Majority's network have detailed, through conversations with our team, the following barriers to access.

- Procurement officers also often select vendors based on their familiarity, instead of taking a risk on a newer or smaller firm, locking new entrants out;
- Contract bundling has only increased since the onset of the COVID-19 pandemic, locking many small businesses out of opportunities;
- Cybersecurity requirements can be costly – oftentimes dwarfing the benefit of the contract itself; or
- A lack of outreach from coordinating or purchasing agencies to small businesses.

When examining the experiences shared above, paired our survey findings that indicate a general lack of awareness and understanding of the federal procurement system, it becomes clear as to why the number of small businesses receiving federal contracts has plummeted by 50% in the last 10 years.[3] As the world's largest purchaser of goods and services, the federal government has the opportunity to expand access to capital and opportunity for millions of small, under-resourced businesses through federal contracts. However, more intentional actions and regulations must be implemented to ensure small businesses, particularly those that are minority- and or women-owned, can have a fair shot at competing for a federal contract.

The government can take various steps to ensure that small businesses can participate and thrive in the federal procurement system

The government is uniquely positioned to ensure that small businesses have a shot at gaining access to one of the most lucrative markets in the world. There are multiple proven tools that Congress and the administration can deploy to make this happen including increasing government-wide procurement goals and set-asides by small business concern (such as WOSBs, MBE, VBOC, or SDVOBs), expanding access to the Rule of Two across government contracts, streamlining the payments process, and bolstering resources within the government to prepare and guide small businesses for contract awards.

- **Set-aside programs and increasing the percentage of small business contractors in national procurement goals.** Set-aside and small business procurement goals are critical to the health of our contracting ecosystem for entrepreneurs. Programs like the 8(a) business development program in the SBA are critical to ensure maximum participation among small firms in our procurement supplier base. Unfortunately, programs like 8(a), while not perfect, are at risk for disinvestment in the coming years. For example, Small Business Majority was disappointed to see the SBA take recent action to decrease agency wide contracting goals for 8(a) contractors from 15% to 5%.[4] If the SBA believes the 8(a) program has room for improvement to maintain a level playing field for all small business concerns, we urge the Committee to investigate how the SBA can bolster the 8(a) program to be more successful and efficient, rather than blindly decreasing contracting goals for trusted, tried and true programs that represent the foundation of small

[3] "Hundreds of Small Businesses Endorse Velázquez's Protecting Small Business Competitions Act." House Committee on Small Business. July 9, 2025. https://democrats-smallbusiness.house.gov/uploadedfiles/protecting_small_business_competitions_act_of_2025_support_letter8268.pdf
[4] "SBA Administrator Loeffler Issues Memo on Day One Priorities." U.S. Small Business Administration. February 24, 2025. https://www.sba.gov/article/2025/02/24/sba-administrator-loeffler-issues-memo-day-one-priorities

business procurement access for small businesses. We have seen many successful small businesses go through the 8(a) program and grow their business as a result, which is why it is more critical than ever to continue to invest in and maintain the program as opposed to weakening its impact. Likewise, small business set-asides are critical for entrepreneurs trying to break into the contracting space and ensuring that agencies are held accountable to reaching its set-aside goals will be key in any successful government wide procurement strategy.

- **Expanding the Rule of Two to Multiple Award Contracts and Contracts above the simplified acquisition threshold.** Expanding the Rule of Two would expand access to contract opportunities for small businesses that are able to offer a competitive advantage to the government and Congress should seek to expand this rule wherever possible. The Rule of Two states that if there is a reasonable expectation that two or more small businesses can complete a contract effectively and cost-efficiently, it should be reserved for small business concerns. We are in strong support of Ranking Member Velazquez bill, H.R. 2804 the *Protecting Small Business Competitions Act of 2025* as this bill would greatly expand access to contract opportunities valued over the simplified acquisition threshold, which today is $250,000. Ensuring that contracts over this threshold are all subject to the Rule of Two will greatly expand the number of small firms in our contracting system.

  The Rule of Two should also be applied to multiple award contracts (MACs) which was proposed in 2024 and is still pending. Small Business Majority submitted feedback on this rule, sharing that one of the key concerns among small business owners when it comes to federal contracting opportunities is their ability to compete and complete a large scale, multi-year contract, which many small firms are locked out of. The nature of procurement is simple: the federal government wants the best quality at the best price, but small businesses face challenges doing business with the government despite their ability to compete on quality and price. The Rule of Two provides a simple solution to unlocking competition in federal contracting. If the Rule of Two is expanded to MACs, small businesses will be able to demonstrate that they can do the work at the price and quality requested, and as the Rule of Two states, portions of MACs contracts will be set-aside for small business spending, allowing small businesses to utilize their certifications and programs to obtain this work. The expansion to task and delivery orders in MACs under the Rule of Two would greatly increase opportunities for smaller firms looking to grow their business by working with the government. Many small businesses who are interested in procurement are not nearly large enough to compete with some of the year-over-year incumbents in the contracting system which is why it's critical that SBA resume this rulemaking as soon as possible.[5]

- **Faster payments to smaller contractors and Prime Contractor accountability.** Small business owners have strict cashflow requirements and are not often able to compete for a contract based on how costly it would be to finance up front. The government should continue to work on a bipartisan basis to expedite the payments process for small businesses that have worked to complete a project efficiently and on time. Small Business Majority has supported efforts to not only streamline and expedite the payment process for subcontractors, but to provide smaller subcontractors with the ability to hold prime contractors accountable for late payments and the failure of utilizing their business services to fulfill a contract, as we outline in our comments to SBA in its pursuit of streamlining the financing aspect of procurement earlier this year. Since many small subcontractors operate on razor thin margins and may rely solely on any given contract opportunity for their quarterly or annual revenue, it is critical to ensure that prime contractors fulfill payment terms and utilization requirements in a timely manner which provides subcontracts with the financial certainty needed when operating a business. Small Business Majority supports the changes proposed by SBA and urges its swift implementation to incentivize

[5] "Small Business Majority submits comments in support of proposed rule to expand federal procurement opportunities for small businesses." Small Business Majority. December 18, 2024. https://smallbusinessmajority.org/policy/small-business-majority-submits-comments-support-proposed-rule-expand-federal-procurement-opportunities-small-businesses

faster payments to subcontractors by placing more onus on the prime contractor through written notices of late payments and allowing subcontractors to more readily access a prime contractor's past performance rating. These critical improvements, along with the proposed changes to hold prime contractors accountable for meeting their subcontracting goals and allow first-tier subcontractors to request timely performance ratings, will create a more transparent and efficient procurement system that enables small businesses to grow and thrive using federal contracts.[6]

- **Bolstering small business procurement resources and personnel.** It is common for a small business owner to try their hand at the procurement system without ever getting in contact with the right people at the right time. The federal infrastructure created to support small contractors is not operating at similar speeds across various agencies. For example, navigating the General Services Administration can be cumbersome, challenging and frustrating. On the other hand, navigating procurement processes with smaller agencies and subagencies can be much easier. We strongly recommend that the Committee examine the strengths and weaknesses of small business procurement officers and the Offices of Small and Disadvantaged Business Utilization (OSDBUs) across various agencies to ensure that personnel are properly trained and resourced to provide the timely and knowledgeable support that small businesses desperately need. Lastly, Congress should work to fund and bolster programs that have shown historical success rates in helping smaller firms gain access to federal contracts, including the business centers within the Minority Business Development Agency (MBDA) which also assists thousands of small business owners across the nation, citing over $2.6 billion in impact in federal contracts in FY24.[7]

The government should seek to minimize federal contract disruptions which have disproportionately impacted small businesses

Finally, small business owners have faced yet another recent and challenging barrier to their success in procurement – contract disruptions caused by federal funding fights, shutdown threats and the widespread hemorrhaging of government resources. A stated government-wide effort to eliminate "waste, fraud, and abuse" has resulted in the canceling thousands of federal contracts since January – ripping the rug out from under thousands of small businesses that rely on these contracts for income and work. In many cases, small businesses that have had their contracts canceled received no explanation for the termination other than that it was for the "convenience of the government." Pursuant with other actions the administration and Congress have taken this year to slash government spending and resources, small businesses are once again feeling the disproportionate impacts of contract cancellations. According to the most recent analysis, contracts awarded to small businesses make up only 23% of the total number of contracts awarded, but account for 29% of the contracts terminated by the Department of Government Efficiency (DOGE) this year.[8] While contracts awarded to minority-owned businesses account for just 10% of all federal contracts, they make up 19% of the contracts terminated and women-owned businesses have faced federal contract cancellations by DOGE at more than twice the rate at which they were awarded.

Small businesses from our network speak on contract barriers and disruptions. Below are stories from small businesses in Small Business Majority's network regarding their difficulties navigating the procurement system.

> **Lynn Petrazzuolo, CEO of the Avanti Corporation in Alexandria, VA:** *"Avanti Corporation is an established government contracting firm that has been providing environmental analyses to federal agencies for over 30 years for the development and implementation of regulations and*

[6] "Small Business Majority submits comments in support of proposed rule to improve payment processes and reporting requirements for subcontractors." Small Business Majority. February 14, 2025. https://smallbusinessmajority.org/policy/small-business-majority-submits-comments-support-proposed-rule-improve-payment-processes-and-reporting-requirements-subcontractors

[7] "About MBDA." Minority Business Development Agency. 2024. https://www.mbda.gov/about/impact

[8] "The Big Government Contracts DOGE Hasn't Touched." The New York Times. March 4, 2025. https://www.nytimes.com/interactive/2025/03/04/upshot/doge-musk-contracts-cuts.html

programs that protect human health and the environment. We have supported the Environmental Protection Agency, the Department of the Interior, the National Oceanic and Atmospheric Administration, the US Army Corps of Engineers, and the National Institutes of Health at the National Institute for Environmental Health Sciences.

Avanti is a small business that has won contracts that have been set aside for small businesses and contracts that are open to all firms. Over our 30-year history we have provided $50 million in services to federal clients through our prime- and sub-contracts. For several projects, Avanti has been supporting the same programs for over 20 years. Our institutional knowledge of regulatory programs and their histories are assets to our federal clients.

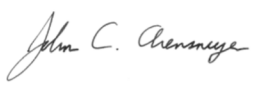
Since January 2025, Avanti has experienced the termination of $903,834 in orders for work over 2025-26 that was competed for and won. This is not only impacting our ability to grow, but also affecting our ability to keep current staff employed. So far, Avanti has reduced from 30 to 27 staff, eliminated the work passed on to two subcontractors (one of whom had to shut down his business), and laid off three consultants. The terminated work would have benefited the agencies we work for, including work to responsibly develop offshore energy resources, examine or mitigate human health impacts in urban areas, and help permit writers at EPA streamline their efforts."

Chasity Pritchett, owner of Emblem Olive Oil in Chesapeake, VA: *"Emblem Olive Oil's mission is to provide high-quality, American-made extra virgin olive oil that promotes health, supports local economies, and ensures equitable access to nutritious food. In 2023, we were awarded a federal USDA contract to supply olive oil to Native American communities. This opportunity allowed us to grow our business, hire additional staff, expand production capacity and strengthen our role in supporting healthy food access for underserved populations. However, the sudden discontinuation of the olive oil solicitation this fiscal year has created a significant setback. Without this contract, Emblem faces challenges in maintaining payroll, sustaining operations, and continuing the community health initiatives that our business supports. This change not only impacts our company but also the communities that benefited from our product."*

Shaunna Mozingo, owner of the Mozingo Code Group LLC in Denver, CO: *"About three-fourths of my business is either federal contracts or federally funded state contracts, all of which are on hold. I have no idea when they will be released because my clients also have a communication freeze that keeps them from being allowed to talk to us about it. I only had about 20 billable hours for February because all of my contracts were paused, so I had to hurry and try to find new contracts for future months. March was pretty bleak. At almost 60 years of age, it will likely make more sense for me to just go back to work for someone else than to keep trying to navigate this uncertainty."*

We appreciate the Committee for holding this important hearing and its work to uplift the small business community. For any questions or additional information, please contact our Government Affairs Director, Alexis D'Amato, at adamato@smallbusinessmajority.org.

Sincerely,



John Arensmeyer
Founder & CEO
Small Business Majority

mbrt
Minority Business RoundTable

July 9, 2025

The Honorable Nick LaLota
Chairman, Subcommittee on Contracting and Infrastructure
House of Representatives
Washington, D.C. 20515

The Honorable Gil Cisneros
Ranking Member, Subcommittee on Contracting and Infrastructure
House of Representatives
Washington, D.C. 20515

Dear Representatives LaLota and Cisneros:

On behalf of the Minority Business RoundTable (MBRT), a national 501(c)(3) nonprofit organization, I write to express our strong support for the Protecting Small Business Competitions Act of 2025 (H.R. 2804), and the codification of the "Rule of Two" in the Federal Acquisition Regulation (FAR).

MBRT is comprised of CEOs of leading minority-owned businesses across all major sectors of the American economy. Our members include small, minority, veteran-owned-, and women-owned businesses, representing African-American, Hispanic-American, Asian-American, and Native-American communities. The "Rule of Two" plays a critical role in enabling these businesses to access and compete in the federal contracting space.

This longstanding rule has opened doors for thousands of small businesses, fostering economic growth and entrepreneurial opportunity. Its potential removal, due to a lack of statutory foundation, poses a significant threat, not only to the businesses it benefits, but also to the broader economic growth that small businesses contribute nationwide.

We urge you to support efforts to codify the "Rule of Two" to ensure continued access and equity in federal contracting. Your leadership in this matter would reaffirm a commitment to maintain fair competition for all American small businesses.

Thank you for your consideration and continued support of America's diverse, dynamic small businesses and the communities they serve.

Warm regards,

Roger A. Campos
Chairman and Founder

MBRT Board Members

Roger A. Campos
Chairman and Founder

Andra Rush
Vice Chairman
CEO, Dakkota Integrated Systems

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Taking your minority business to another level

The Honorable Nick LaLota
Chairman
House Small Business Subcommittee
Contracting and Infrastructure
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Gil Cisneros
Ranking Member
House Small Business Subcommittee
Contracting and Infrastructure
U.S. House of Representatives
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Chairman LaLota and Ranking Member Cisneros,

On behalf of the Native American Contractors Association (NACA), we respectfully submit the below testimony regarding the House Small Business Subcommittee on Contracting and Infrastructure's hearing: *"Leveling the Playing Field: Fostering Opportunities for Small Business Contractors,"* held on September 10, 2025. Thank you for holding this hearing on this important topic facing Native federal contractors. NACA stands at the ready to work with you and other members of the subcommittee to finding ways for federal contractors to provide cost effective and efficient service to the federal government, while supporting Native economies.

I. Executive Summary

NACA was formed in 2003 to promote the common interests of its members - federally-recognized Tribes (Tribes), Native Hawaiian Organizations (NHOs), and Alaska Native Corporations (ANCs) doing business with the Federal government and participating in the Small Business Administration's (SBA) 8(a) program. NACA represents and serves forty-five Native-owned firms across the nation. NACA's members represent hundreds of thousands Tribal Members, Alaska Native Shareholders, and Native Hawaiians, serving some of some of the most marginalized and underserved populations in America. Collectively, NACA's members perform government contracts in all fifty states, several U.S. territories, and foreign countries, employing thousands of workers and representing billions of dollars in the national economy. Benefits of these government contracts flow back to Native communities in an irreplicable array of grants, scholarships, community projects and support, and direct financial assistance.

When considering improvements to federal procurement programs' use of small businesses, and strengthening support for small business contracting programs, the Department of Defense should recognize that there is a Congressionally mandated policy of supporting small businesses, including in federal government contracting.[1] With the Small Business Act, Congress determined "that the opportunity for full participation in our free enterprise system by socially and economically disadvantaged persons is essential if we are to obtain social and economic equality

[1] 15 U.S.C. § 631(a) ("It is the declared policy of the Congress that the Government should aid, counsel, assist, and protect, insofar as is possible, the interests of small-business concerns in order to preserve free competitive enterprise, to insure that a fair proportion of the total purchases and contracts or subcontracts for property and services for the Government (including but not limited to contracts or subcontracts for maintenance, repair, and construction) be placed with small-business enterprises, to insure that a fair proportion of the total sales of Government property be made to such enterprises, and to maintain and strengthen the overall economy of the Nation.").

for such persons and improve the functioning of our national economy."[2] Congress has set by statute small business contracting goals for the federal government.[3]

Starting in 1986, and in an effort to meet the Federal Government's trust responsibilities to Alaska Natives and Native Americans,[4] and to assist the economic development of Native communities, Congress has amended the Small Business Act to provide Tribes, ANCs, or NHOs with a greater opportunity to participate in small business programs administered by the Small Business Administration, including the 8(a) Program. Over the past forty years, Congress has statutorily provided for increasing participation by Tribes, ANCs, and NHOs in federal contracting programs, including expressly confirming that Federal procurement programs for Tribes, ANCs, and NHOs are "enacted pursuant to its authority under Article I, Section 8 of the United States Constitution," i.e., the Indian Commerce Clause.[5]

Participation by Tribes, ANCs, and NHOs in the 8(a) Program is statutorily mandated by Congress, and is an exercise of Congress's constitutional authority to regulate commerce with Indians under the Indian Commerce Clause of the Constitution.[6] The United States Supreme Court has explained that "the central function of the Indian Commerce Clause is to provide Congress with plenary power to legislate in the field of Indian affairs."[7] Such congressional action is pursuant to the federal government's special relationship with Natives, and is based, as the United States Supreme Court determined fifty years ago, on the political classification of Natives, and not a racial classification.[8]

According to a 2021 study by the Center for Indian Country Development, a program of the Minneapolis Federal Reserve, federal contracting to companies owned by Tribes, ANCs, and NHOs increased from close to 0% of federal government contracting in the mid-1990s to 2.5% by the end of 2021.[9] According to the SBA's recent 2024 report on the 8(a) program, in FY2023,[10] ANCs provided over $1 billion in community benefits,[11] Tribes provided over $180 million in

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[2] 15 U.S.C. §631(f)(1)(a)).

[3] 15 U.S.C. §644(g)(2) (small business contracting goal is 23%).

[4] *Haaland v. Brackeen.* 599 U.S. 256, 275 (2023) (noting that the Federal Government has " 'charged itself with moral obligations of the highest responsibility and trust' " toward Indian tribes.") (citing *United States v. Jicarilla Apache Nation*, 564 U.S. 162, 176, 131 S.Ct. 2313, 180 L.Ed.2d 187 (2011)); *Seminole Nation v. United States*, 316 U.S. 286, 296, 62 S.Ct. 1049, 86 L. Ed. 1480 (1942) ("[T]his Court has recognized the distinctive obligation of trust incumbent upon the Government in its dealings with these dependent and sometimes exploited people").

[5] Pub. L. No. 102-415, §10, 106 Stat. 2115 (1992) (codified at 43 U.S.C. § 1626(e)).

[6] "The Congress shall have Power . . . To regulate Commerce with foreign Nations, and among the several States, and with the Indian Tribes...." U.S. Const. art. I, § 8, cl. 3.

[7] *Cotton Petroleum Corp. v. New Mexico*, 490 U.S. 163 (1989).

[8] *Morton v. Mancari*, 417 U.S. 535 (1974). The 8(a) Program does not have a racial component. While the 8(a) program did, at one time, have regulations stating that *individuals* applying to enter the 8(a) program and were of certain races and ethnicities had a presumption of social disadvantage, that presumption has been invalidated by court order. There is no current racial component to the 8(a) program. There was never a *racial* component to participation by Tribes, ANCs, and NHOs in the 8(a) Program because the access to the 8(a) Program provided to them by Congress is pursuant to the Indian Commerce Clause and their *political* classification.

[9] https://www.minneapolisfed.org/article/2022/federal-contractings-expanding-revenue-role-in-indian-country

[10] 8(a) Business Development Program FY 2023 408 Report to the Congress (https://www.sba.gov/document/report-408-report-us-congress-minority-small-business-capital-ownership-development).

[11] Community benefits include health, social, and cultural support; education, lands, economic and community development, employment, and economic benefits.

community benefits, and NHOs provided over $216 million in community benefits, much of which is due to revenue earned as result of federal contracting opportunities.

II. Rule of Two

The SBA's small business programs are a direct implementation of Congress's determination that it is in the national interest, including the national defense interest, to have a robust and diversified small business contracting and manufacturing base. In the Small Business Act, Congress found that:

- the preservation and expansion of free competition in business is basic not only to the economic well-being but to the security of the Nation, and
- such security and well-being cannot be realized unless the actual and potential capacity of small business is encouraged and developed.[12]

Accordingly, Congress stated in the Small Business Act that:

> It is the declared policy of the Congress that the Government should aid, counsel, assist, and protect, insofar as is possible, the interests of small-business concerns in order to preserve free competitive enterprise, **to insure that a fair proportion of the total purchases and contracts or subcontracts for property and services for the Government (including but not limited to contracts or subcontracts for maintenance, repair, and construction) be placed with small business enterprises**, to insure that a fair proportion of the total sales of Government property be made to such enterprises, and to maintain and strengthen the overall economy of the Nation.[13]

In support that declared policy, Congress has established a variety of small business contracting programs through the Small Business Act and other implementing legislation.

A critical component of those programs is the Rule of Two, which is the regulation mandating that federal agencies are to reserve contracts for small businesses whenever a reasonable expectation exists that at least two responsible small businesses are available to submit proposals with reasonable prices worthy of the agency's time in evaluating.[14] For the past forty years, since its enaction in 1985, the Rule of Two has been the backbone of small business participation in federal government contracting, including by Alaska Native Corporations, Tribes, and NHOs.

The Rule of Two is an integral part of the federal government's support of small businesses. As the Office of the Comptroller explained:

> [T]he Small Business Act does not, on its face, enunciate the Rule of Two. Instead . . . the rule was established to implement the Act. The origin of the Rule of Two predates the FAR; when the Far was promulgated, the Office of Federal Procurement Policy (OFPP) prepared a Federal Register notice seeking comments on the rule's inclusion in the new government-wide procurement regulation. This notice explains that the Rule of Two is intended to implement the Small Business

[12] 15 U.S.C. § 631(a).
[13] *Id.*
[14] *See also*, FAR 19.502-2; 13 C.F.R. § 125.2(f); 48 C.F.R. § 19.502-2.

> Act language in 15 U.S.C. sect. 644(a) . . . requiring that small businesses receive a "fair proportion of the total purchases and contracts for property and services for the Government." In addition, the notice advised that, in the view of OFFP, **"the FAR language complies with current law and reflects the will of the Congress as expressed in the Small Business Act." Thus, while the Rule of Two is not specifically set out in the Small Business Act, it has been adopted as the FAR's implementation of the Act's requirements through notice and comment rulemaking**.[15]

This foundational small business contracting policy faces potential elimination despite driving record small business participation and supporting over one million jobs without increasing government costs. The Revolutionary FAR Overhaul mandated by Executive Order 14275 "Restoring Common Sense to Federal Procurement," issued April 15, 2025, specifically targets non-statutory provisions like the Rule of Two for removal, threatening to reverse decades of progress in small business contracting and severely impact Native American economic self-determination.

Without immediate congressional intervention through H.R. 2804 and protective appropriations language, the federal government risks eliminating a policy that has enabled Native entities alone to generate significant contracting revenue while maintaining competitive pricing and quality standards. The Rule of Two's built-in safeguards ensure it only applies when two or more responsible small businesses can perform work at fair market prices, making its potential elimination both economically harmful and unnecessary.

NACA is specifically concerned that the upcoming "rewrite" of the Federal Acquisition Regulations will impact, or even eliminate, the Rule of Two under the mistaken view that it is not mandated by statute. Executive Order 14275, mandates that the FAR Council remove all provisions "not required by statute" within 180 days. The Rule of Two faces potential elimination under this directive. The FAR Council has already begun implementation of Executive Order 14275 through model deviation text, with agencies required to implement deviations within 30 days of release. Over 500 requirements have been eliminated, demonstrating the aggressive pace of deregulation that threatens the Rule of Two.

Far from being merely an SBA regulatory creation, the Rule of Two is a fundamental part of the SBA's compliance with, and implementation of, Congress's statutory directive that a "fair portion" of federal contracting work be awarded to small businesses.[16] Without the Rule of Two, there would be no regulatory guidance or guardrails compelling federal agencies to ensure that, as Congress has mandated, a fair portion of federal work goes to small businesses. Congress should take the position that the Rule of Two is statutorily mandated, and not something that can, or should, be arbitrarily removed from the FARs without a comparable replacement.

The SBA, for example, recognizes that the Rule of Two is implementing the statutory mandates of the Small Business Act. The SBA has explained that "[t]he Rule of Two is the cornerstone of the Federal Government's support for small-business prime contracting[,]" and this rule "is expected to create more contract opportunities for small businesses, particularly small disadvantaged

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[15] *Matter of: Delex Sys., Inc.*, B- 400403, 2008 CPD P 181 (Oct. 8, 2008), *superseded by statute on other grounds in Matter of: ITility, LLC*, B- 419167, 2020 CPD P 412 (Dec. 23, 2020).
[16] 15 U.S.C. § 644(a)(1)(C).

businesses (SDBs)." SBA has also explained that the proposed rule is a result of "interagency negotiation among SBA, the FAR Council, and other agencies[,]" which was initiated to implement the Small Business Act's requirement to award a fair proportion of government purchase and contract dollars for supplies and services to small business concerns, specifically stating that the Rule of Two "further[s] this statutory provision" of the Small Business Act.[17] This Committee should recognize and advocate for the position that the Rule of Two is statutorily mandated as it is necessary to implement Congress's directive that a fair proportion of federal contracting dollars go to small businesses.

Rescission or limiting the Rule of Two will also have a devastating impact on small businesses, including those owned by Native entities. Small business federal contractors, including those owned by Alaska Native Corporations, Tribes, and NHOs have spent the past forty years developing and investing in their small businesses in reliance on the Rule of Two and the expectation that, based on its application, a fair portion of small business contracting opportunities will be available to them. If the Rule of Two is removed, federal agencies will not have any regulatory directive to use small business set aside programs, and the plain impact of that will be a substantial reduction in the number of small business opportunities. Federal contracting is an extremely competitive and low margin business, with very long and unpredictable procurement schedules, such that small businesses have to be pursuing, and winning, multiple different small business contracting opportunities to survive, much less succeed. Elimination of the Rule of Two, and the resulting reduction in the number of small business contracting opportunities, will have a cascading effect of destroying small business contractors across the Nation and in every congressional district. This will severely degrade the small business contracting base in the United States, frustrating the basic mandate of the Small Business Act. And it will be a degradation that will take years, if not decades, to overcome and repair, if it could even be done.

Indeed, without Rule of Two protections, small business participation could revert toward pre-1984 levels, representing potential loss of billions in annual opportunities. The SBA estimates that applying Rule of Two to multiple award contracts could add $6 billion in small business spending - elimination of the Rule to Two would result in a much larger reduction in small business spending by the federal government.[18]

It is critical to remember that procurements set aside for small businesses pursuant to the Rule of Two are not handouts. Procuring agencies can, and do, impose significant qualification requirements for small business contracts, both in terms of past performance, key personnel, resource availability, and financial and other resources. Nor do small business contractors get to charge a premium. The small business contracting world is highly competitive, thanks to regulations such as the Rule of Two, which encourages and permits the growth of the small business contracting community. As a result, margins are necessarily narrow, and the pricing proposed by small business is competitive and, in many cases, more cost effective and efficient than what the government would receive in a non-small business procurement. When small businesses are given the opportunity to compete for a small business contract, the government receives excellent service at a good price, while fulfilling Congress's desire, and mandate, for a robust small business contracting base.

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[17] 89 FR 85072-01.
[18] 89 FR 85074

Congress has clear authority under the Small Business Act (15 U.S.C. 644) to mandate specific small business contracting procedures. The Constitution's Commerce Clause and Spending Clause provide explicit congressional authority over federal procurement policy, making legislative protection of the Rule of Two both appropriate and necessary.

The Rule of Two represents one of the most successful small business policies in federal procurement history, enabling record participation without increasing costs while maintaining quality standards. For Native American contractors, it has been instrumental in generating $202 billion in economic activity over four decades, supporting tribal self-determination and fulfilling federal trust obligations.

The current FAR overhaul poses a threat to this successful policy. NACA urges the Committee to advocate for and protect the Rule of Two and its implementing regulations. It is a critical component in the implementation of the Small Business Act, providing for cost effective and efficient service to the federal government, while supporting small businesses, and good paying jobs, in every Congressional District across the United States.

III. FAR Part 10, Market Research

The revisions to FAR Part 10, Market Research, is an example of what NACA fears may happen to the Rule of Two.

On May 22, 2025, the FAR Council issued a re-write of FAR Part 10. Notably for small business contractors, the FAR Council deleted FAR 10.001(a)(3)(viii), which provided that "[a]gencies shall…[d]etermine whether the acquisition should utilize any of the small business programs in accordance with part 19…." While this revision did not eliminate FAR Part 19 or small business regulatory requirements, it removes the regulatory requirement to conduct market research in order to determine if the Rule of Two applies, and thus can, and likely will, have a negative impact on small business federal contracting.

Notably, the FAR Council made these changes prior to seeking any input from contractors or small businesses. While the FAR Council has provided interested parties an opportunity to submit comments after-the-fact, it is not going through any public notice and comment period prior to making material and foundational changes to the FARs, including provisions that directly impact small business contractors. It is doing so even though the regulations were implemented through formal notice and comment processes that provided an opportunity for small businesses and federal contractors to provide valuable insight and recommendations regarding these critically important regulations.

NACA urges the Committee to take action to protect small businesses from negative impacts arising out of the rewrite of the FARs, including ensuring that small businesses are given a fair opportunity to compete for and win federal contracts.

IV. Bona Fide Place of Business Rule

In the Small Business Act, Congress provides the following:

> To the maximum extent practicable, construction subcontracts awarded by the Administration pursuant to this subsection [the 8(a) Program] shall be awarded within the county or State where the work is to be performed.

15 U.S.C. § 637(a)(1)(A)(16)(B).

The Small Business Administration ("SBA") has construed this statutory directive to require 8(a) companies with 8(a) construction contracts to have a "bona fide place of business" in the geographic area where the construction project is located. As is common in a regulatory regime, the SBA has revised and expanded the rules governing this "bona fide place of business" rule over the years to the point where there is now a byzantine maze of restrictions and requirements that have to be followed in order to comply with the rule.[19] For example, even though the Small Business Act states that 8(a) contracts should be "awarded within the county or State where the work is to be performed," the current regulatory regime permits an 8(a) contractor in Nevada to perform an 8(a) construction contract anywhere in any contiguous state, i.e., Utah, California, New Mexico, etc. That the SBA adopted a regulation that permits an 8(a) company to use an office in a neighboring state as the "bona fide place of business" a construction contract demonstrates the fallacy and illogic of the SBA's approach.

The additional red tape and administrative burden imposed by the SBA on small businesses participating in the 8(a) Program is unnecessary. In fact, we know that the rule is not necessary because the SBA adopted a moratorium on the rule in 2021 and has kept that moratorium in place over the past four years. See https://www.sba.gov/article/2024/06/11/sba-announces-extension-moratorium-8a-eligibility-requirement-small-disadvantaged-businesses. If the rule has not been needed during the past four years, that demonstrates it is not needed at all and should be rescinded.

In today's technologically advanced world, requiring a construction contractor to have a brick-and-mortar physical location in the area where they are working is simply unnecessary and is a significant barrier to all small businesses that participate in the federal marketplace within the 8(a) Program, particularly, those that have just entered the program as they do not have the resources or capital to meet this requirement.

There are other ways for the SBA to implement Congress's directive that 8(a) construction contracts should be awarded within the county or State where the work is to be performed "to the maximum extent practicable," including through the delegation of authority to the procuring contracting officers to determined what is required or needed for their project.

V. Consolidation and Bundling

As part of its implementation of President Trump's executive orders, the federal government has been moving to consolidate and bundle procurements with the General Services Administration and to contract vehicles. For example, the FAR Council's revisions to the FARs, in multiple locations, now provide that existing contract vehicles and consolidation of contract actions should be favored. Such consolidation may result in contracting efficiencies, as procurement functions are centralized, leading to more consistent approaches to procurement and contract management, and NACA is supportive of efforts that reduce the regulatory cost and burden on small businesses and Native owned entities, and is hopeful that this consolidation will have that impact.

However, NACA is concerned that consolidation will lead to an increase in the bundling of contract requirements, or the use of large contract vehicles which small businesses have difficulty accessing. NACA urges the House Small Business Committee to engage with the GSA and the

[19] *See* 13 CFR 121.105.

SBA to ensure that small business contracting opportunities are preserved at the current level with this consolidation at GSA, and small businesses continue to have a fair opportunity to win work.

Specifically, small businesses will be negatively impacted by the transfer of procurement opportunities to large contract vehicles that are generally populated only by large businesses due to the qualification requirements, and resources of time and money, which are necessary to obtain a seat on those vehicles. Many small businesses, including those owned by Native entities, are not able to obtain seats on larger contract vehicles because of the time and expense involved in preparing qualifying proposals. The federal government should not sacrifice small business contractors on the altar of consolidation.

Furthermore, it is important to remember that Congress itself has directed, via statute, that the federal government should avoid the bundling and consolidation of federal procurements in a manner that negative impacts small businesses. In the Small Business Act, Congress specifically found that:

> CONTRACT BUNDLING.—In complying with the statement of congressional policy expressed in subsection (a), relating to fostering the participation of small business concerns in the contracting opportunities of the Government, **each Federal agency, to the maximum extent practicable, shall—**
>
> (1) comply with congressional intent to foster the participation of small business concerns as prime contractors, subcontractors, and suppliers;
>
> (2) **structure its contracting requirements to facilitate competition by and among small business concerns, taking all reasonable steps to eliminate obstacles to their participation**; and
>
> (3) **avoid unnecessary and unjustified bundling of contract requirements that precludes small business participation in procurements as prime contractors**.[20]

FARs 7.107-2 and 7.107-3[21] implement the Small Business Act[22] requirements regarding federal consolidation and bundling.[23] As mandated by the Small Business Act, each regulation acknowledges that while consolidation and bundling may provide a benefit to the government in certain cases, there are also potential detriments to small business participation. As such, the Small Business Act, and FARs 7.107-2 and -3 mandate, prior to an acquisition strategy involving either estimated to exceed $2 million, that a federal agency must make a written determination that such strategy is necessary and justified.

Under FAR 7.107-2, consolidation is necessary and justified if the benefits would substantially exceed those from alternative contracting approaches, including those quantifiable. Under FAR

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[20] 15 U.S.C. § 631(j).
[21] *See also*, 48 C.F.R. §§ 7.107-2 and 7.107-3.
[22] P.L. 111-240 (Sept. 27, 2010) (codified at 15 U.S.C. § 631 *et seq.*).
[23] 15 U.S.C. §§ 644(e) and 657q.

7.107-3, bundling is considered necessary and justified if the benefits an agency would obtain are measurably substantial as compared with those involving separate smaller contracts or orders.

NACA urges the Committee to review the administration's efforts to accelerate bundling and consolidation, and to ensure that they do not harm small business contracting by mandating compliance with the Small Business Act and FAR 7.107.

VI. SBA Staffing

SBA staff are hard-working professionals, with a detailed understanding of SBA's regulations and small business programs and a dedication to the SBA's mission. They are also being put under tremendous pressure due to a lack of staffing. There are three (3) Business Opportunity Specialists in Anchorage, with over 100 8(a) companies assigned to each of them. There are only two (2) Business Opportunity Specialists in Hawaii, and they are overloaded as well. The number of SBA personnel able to approve 8(a) applications is remarkably small, such that it is taking many *months* for Alaska Native Corporations, Tribes, and NHOs to have their 8(a) applications approved, even when such applications are very simple given the lack of any need to establish social disadvantage or economic disadvantage in the case of Alaska Native Corporations, as well as Tribes and NHOs that have previously established economic disadvantage.

This level of staffing is unsustainable and does not benefit small businesses and Native-owned entities *or* the SBA. Small businesses and Native-owned entities are harmed through delays in approvals of their 8(a) applications and mentor-protégé agreements, such that they miss out on critical contracting opportunities that are needed to support their businesses and their local communities. Where an Alaska Native Corporation, Tribe, or NHO has submitted the required documentation, review and approval of their 8(a) application should be a matter of hours, and not months, given that they only need to establish that their proposed 8(a) entity is (1) owned and controlled by a Native entity, (2) does not have the same primary North American Industry Classification System (NAICS) code as another 8(a) entity owned by the same Native entity within the past two years, (3) is supported by the parent Native entity, and (4) has qualified personnel heading the 8(a) company. These matters, and the required review, is not complicated or difficult, and should not take months or up to a year to complete.

The SBA is also harmed by the current staffing levels. Given the workload demanded of the SBA's current, shrunken workforce, SBA personnel will either (1) delay actions and approvals to the point that small businesses lose out on contracting opportunities, or (2) expedite their review of matters, leading to them missing issues or problems and permitting bad actors to exploit the lack of staff and take unfair advantage of SBA programs. Moreover, the crushing workload currently demanded of BOSs, particularly in Anchorage, will only result in higher turnover, leading to further reduced staffing and degradation in the experience and historical knowledge of the BOSs, which will in turn only further cause more delays and work. There will be a cycle of turnovers that feeds itself, significantly impairing the SBA's ability to manage the 8(a) and other small business programs.

NACA urges the Committee to recognize that one of its critical Congressional mandates is to support and manage the federal government's small business programs, and that the SBA cannot

do so without professional, experienced, and supported staff. The SBA have the staff necessary to effectively, efficiently, and *timely* manage the 8(a) and other small business programs.

VII. Security Clearances

Current Department of Defense regulations[24] require government contractors to obtain multiple security clearances for the same personnel from different government agencies. This is unnecessary and burdensome to small businesses. It is both costly and inefficient for the government and puts significant financial burdens on government contractors, particularly small businesses. The current system has also led to inconsistent processing times at different agencies which makes it difficult for contractors to plan and provide needed services.

The Committee should engage with the Department of Defense and urge it to revise its regulations to provide for reciprocity with respect to agency clearances. That is, if one agency has determined that an individual is eligible for a top-secret clearance, the other agencies should respect that and grant a similar clearance without requiring the individual to repeat the same investigation that the original agency conducted. This reciprocity would ensure that the clearance process is expedited, and the investigation and adjudication processes more quickly meet the needs of the government. Reciprocity for security clearances would also support a more agile and skilled workforce that can quickly meet the needs for innovation and new technology that the government requires. Finally, this process would also allow the government to refine their regulations and systems to ensure that the highest standards for clearances are met across all agencies.

VIII. Section 865 - Affiliate Past Performance

Section 865 of the 2024 NDAA required the Department of Defense to amend the Defense Federal Acquisition Regulation Supplement (DFARS) to mandate that Department of Defense agencies consider the past performance information of affiliates:

> Not later than July 1, 2024, the Secretary of Defense shall amend section 215.305 of the Defense Federal Acquisition Regulation Supplement (or any successor regulation) to require that when small business concerns bid on Department of Defense contracts, the past performance evaluation and source selection processes shall consider, if relevant, the past performance information of affiliate companies of the small business concerns.

The Department of Defense amended DFAR 215.305 to include a subparagraph (c) that states

> When evaluating the past performance of an offeror that is a small business concern in response to a competitive solicitation, contracting officers shall consider relevant past performance information provided for affiliates of the offeror.

Department of Defense agencies, however, are limiting the application of DFAR 215.305(c), including by arguing that it is limited solely to Part 15 procurements and does not apply to Part 16 procurements.

This artificial limiting of DFAR 215.305(c) is in contravention of Congress's intent that Department of Defense agencies consider affiliate past performance when evaluating proposals. Department of Defense agencies should not frustrate the intent of Congress by applying an overly

[24] 32 C.F.R. § 2001 and 32 C.F.R. § 147.

technical parsing of the phrase "affiliate companies of the small business concerns" in Section 865 of the 2024 NDAA. As the United States Supreme Court has repeatedly and recently stated, it is not the job of federal agencies to create new law – it is their job to follow the directions of Congress.[25]

NACA therefore recommends that the Committee engage with the Department of Defense on its implementation of Congress's directive that Department of Defense agencies consider affiliate past performance when evaluating proposals, as well as consider clarifying Section 865 of the 2024 NDAA to make it clear that Department of Defense agencies must consider affiliate past performance in all procurements, and not just Part 15 procurements.

IX. The Negative Impact To Small Businesses On Variances In Minimum Wage Requirements

There is a conflict between federal and state/local laws that is unfairly increasing the cost of performing federal contracts, and forcing small business contracts to bear those increased costs.

Most federal contracts set a minimum wage that the contractor, including contractors owned by Tribes, ANCs, and NHOs, must pay their employees working on a federal contract the federal contractor minimum wage mandated by Executive Order 14026, the Davis-Bacon Act, or the Service Contract Act. While these mandatory minimum wages are subject to periodic increase by the Department of Labor, the Federal Acquisition Regulations give contractors the opportunity to recover the additional costs that are imposed on the contractors by any such wage adjustments from the federal government. The federal government recognizes that if it is going to increase the cost of performance after awarding a contract by mandating an increase in the minimum wage a contractor must pay, the federal government should pay for the cost increase, instead of leaving the contractors, and its tribal members and shareholders, to bear that extra and unexpected burden.

Federal contractors, however, are more and more often having to deal with ever-increasing state or local minimum wage obligations when performing federal contracts. Many states and localities (i.e., cities and towns) are enacting their own minimum wage requirements that exceed the minimum wages specified for federal contractors, including the minimum wages required by DBA and SCA wage determinations. For example, Seattle's minimum wage is $19.97/hour. Flagstaff's is $17.40/hour, Los Angeles' is $17.28/hour, San Francisco's is $18.67/hour, Denver's is $18.29/hour, and the District of Columbia's is $17.50/hour. In each of these localities, the local minimum wage exceeds the federal contractor minimum wage of $17.20/hour, and in some cases exceeds the applicable SCA wage determinations.

Similarly, several states have also adopted laws and regulations that require employers to pay a higher salary to exempt employees than required by federal law. Alaska, California, Colorado, New York, Oregon, and Washington have all adopted rules that require employers to give raises to their employees or classify them as non-exempt employees. For example, under federal law, an employee must be paid at least $844 a week as of January 1, 2024, in order to be classified as an exempt employee. As of January 1, 2024 however, California state law requires an employee to be paid at least $1,280 a week to be classified as exempt. This means that, as of January 1, 2024, an

[25] *See e.g., Biden v. Nebraska*, 143 S. Ct. 2355, 2375 (2023) (agencies can only take action authorized by Congress); *Loper Bright Enterprises v. Raimondo*, 144 S. Ct. 2244, 2263 (2024) ("the role of the reviewing court under the APA is, as always, to independently interpret the statute and effectuate the will of Congress subject to constitutional limits")

employer in California had to increase an exempt employee's pay by a minimum of $436 a week (over $22,000 a year) in order to maintain that employee's exempt status.

While these higher minimum wage and salary requirements could be categorized as a simple cost of doing business, contractors are put in an impossible situation. Federal contracts are often long-term contracts, running up to or more than five years. When submitting proposals for federal contracts, contractors have to price those contracts for that time period based on the information that they have when they submit their proposal. It is not reasonable or possible for contractors to account for future, unknown changes in state law, much less changes at the city and county level.

Furthermore, while a contractor is entitled to recover the additional cost incurred by a change in the federal government's minimum wage, a recent decision from the Civilian Board of Contract Appeals ("CBCA") found that there is no method for a contractor to recover the additional costs incurred by a change in state law, even though a contractor often has to commit to perform a federal contract for five or more years.

Didlake, Inc. v. General Services Administration, CBCA No. 7769, 7911, (Apr. 23, 2024), involved a contractor doing work on an SCA contract in Maryland. After the contractor was awarded the SCA contract, the minimum wage for janitors mandated by state law increased to the point that it exceeded the applicable SCA wage rate in the contract. The contractor was therefore required by state law to pay its employees more than what was required by the wage determination included in its federal contract, or that it accounted for when pricing its proposal. The CBCA rejected the contractor's request for additional compensation from the federal government, finding that the SCA price adjustment clause did not apply to changes in state law.

This puts federal contractors in a difficult position: a contractor must pay the higher state or local wage rate (or increase) to be compliant with state or local law and perform the federal contract, but lacks a contractual mechanism to recover that difference from the federal government. As a result, contractors now must simply absorb the cost incurred whenever state or local wage rates changed post contract award to exceed the applicable federal contractor minimum wage. Recovery from a federal agency after-the-fact simply is not a viable option absent a specific contractual provision addressing recovery for these types of increases.

Requiring small businesses to bear the risk that their cost of performance on a federal contract will be significantly increased due to a state or local law change in the minimum wage, without any method of recovering the actual cost of performance, will have an adverse impact on federal contractors. In response, contractors will have to either artificially increase the prices charged to the federal government to account for the risk of a raise in the minimum wage at the state or local level or decline to participate in federal contracting. Either approach will only increase the final cost to the federal government, either through higher cost proposals or reduced competition.

A more fiscally appropriate and fair result is to either (1) exempt federal contractor employees working on federal contracts from state or local minimum wage laws, or (2) provide an avenue for federal contractors to recover the excess costs imposed by a mandatory increase in the minimum wage at the state or local level from the federal government. Exempting federal contractor employees working on federal contracts from state or local minimum wage laws does not mean that those employees will not be paid a competitive wage or have protections. Those employees would still be subject to the wage protections, including minimum wage obligations, of Executive

Order 14026, the Davis-Bacon Act, and the Service Contract Act. But, federal contractors would not be required to solely bear the cost of changes to minimum wage at the state or local level.

Maintaining a strong small business contractor base is a critical goal of Congress and the federal government. Prompt action should be taken to avoid the unfair shifting of cost of performance to contractors.

X. Restrictions on Native-Owned 8(a) Companies

In order for a company to be eligible for entry to, or continued participation in, the SBA's 8(a) Program, a company must be "small." The SBA has established size standards for each code assigned by the North American Industry Classification System (NAICS) to an economic activity or industry type. Each company in the 8(a) Program (and the SBA's small business programs generally) has a primary NAICS code, defined as the NAICS code where the company realizes the most significant amount of its revenue. If a company concern is not "small" under the applicable size standard assigned by the SBA to that company's primary NAICS code, it is not eligible to receive 8(a) contracts. Therefore, having a NAICS code that accurately reflects the company's business plan is important, as different size standards apply to different NAICS code.

Congress, pursuant to the Small Business Act and related legislation, has explicitly authorized ANCs, Tribes, and NHOs to have more than one subsidiary participating in the 8(a) Program.[26] The only restriction imposed by Congress is that an ANC, Tribe, and NHO cannot have two or more companies that are active in the 8(a) Program with the same NAICS code.[27]

In 13 C.F.R. 124.109(c)(3)(ii), however, the SBA has imposed additional regulatory limitations on that congressional mandate. Under 13 C.F.R. 124.109(c)(3)(iii), the primary NAICS code of a subsidiary owned by an ANC, Tribe, or NHO that graduates or voluntarily withdraws early from the 8(a) Program cannot be used by another subsidiary of that same Native entity for a period of two years:

> A Tribe may not own 51% or more of another firm which, either at the time of application or within the previous two years, has been operating in the 8(a) program under the same primary NAICS code as the applicant.

For example, if an ANC-owned company exits the 8(a) Program and their primary NAICS code was 541330, engineering services, that ANC would have to wait two years before applying to have another company with the primary NAICS code of 541330 enter the 8(a) Program.

There is no statutory basis for the SBA's imposition of a regulatory two year "hold" on primary NAICS code(s). Congress provided that an ANC, Tribe, or NHO cannot have two or more active companies in the 8(a) Program that have the same primary NAICS code, but did not impose any two year "hold" on an NAICS code.

The SBA's two year "hold" also unnecessarily burdens the development of Native-owned businesses and limits their ability to provide cost-effective and efficient services to the federal government. As federal procurement needs and technologies advance and change, the limited

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[26] *See* 15 U.S.C. § 636(j)(11)(B)(iii).

[27] 15 U.S.C. § 636(j)(11)(B)(iii) (An ANC, Tribe or NHO "may own more than one small business concern eligible for assistance pursuant to paragraph (10) and section 637(a) of this title if—(I) the Indian tribe does not own another firm in the same industry which has been determined to be eligible to receive contracts under this program....")

number of viable and relevant NAICS codes is becoming a significant challenge to the overall small business development objectives of the 8(a) Program.

The two-year NAICS code hold is particularly antiquated and limited in the 51 – Information and 54 – Professional, Scientific, and Technical Services series. The last 15 years of technical progress and scientific development have created new needs and established industries for Cybersecurity, Cloud Computing, Artificial Intelligence and Machine Learning, Unmanned Aerial Vehicles, and Commercial Satellites that have not been reflected with new NAICS code opportunities for 8(a) businesses. Therefore, by imposing a two year "hold" on the use of a NAICS codes after a Native-owned entity graduates from the 8(a) Program, the SBA is artificially preventing Native-owned companies from fully participating in the 8(a) Program and government contracting and providing greater competition (and thus better services and lower prices) for the federal contracts. Fundamentally, neither the federal government nor the public is served by imposing an artificial regulatory two year "hold" on NAICS codes.

NACA proposes that the Committee take action to ensure that the two-year hold requirement in 13 CFR 124.109(c)(3)(ii) be eliminated to provide additional opportunities for federal contracting participation.

XI. Restrictions on Follow-On Contracts

The Small Business Act permits directed awards to companies in the 8(a) Program, including those owned by ANCs, Tribes, and NHOs.[28] The Small Business Act also permits ANCs, Tribes, and NHOs to have more than one company in the 8(a) Program.[29]

The SBA has adopted 13 CFR § 124.109 (c)(3)(ii)(A), which bars the direct award of a "follow-on contract," i.e., a contract for the same work, to a "sister company" of the 8(a) company that was performing the immediately preceding contract:

> Once an applicant is admitted to the 8(a) BD program, it may not receive an 8(a) sole source contract that is a follow-on contract to an 8(a) contract that was performed immediately previously by another Participant (or former Participant) owned by the same Tribe. However, a tribally-owned concern may receive a follow-on sole source 8(a) contract to a requirement that it performed through the 8(a) program (either as a competitive or sole source contract).

This means that if Company A is performing an 8(a) contract, and that contract expires, the next 8(a) contract for that same scope of work can be awarded as a directed award to any 8(a)-company other than a company that is owned by the same Native entity that owns Company A.

There is no statutory basis for this regulation. There is nothing in the Small Business Act or elsewhere that prohibits the direct award of an 8(a) contract to a Native-owned entity solely because a sister company previously performed the same scope of work.

This restriction of follow-on direct awards in the 8(a) Program also contradicts the SBA's mission to support Indian Country through business development. Congress included Native-owned entities in the 8(a) program to (1) inject much-needed resources into some of the most underserved areas of the country, (2) fulfill the trust obligation the federal government has to ANCs, Tribes,

[28] 15 U.S.C. § 637(a).
[29] 15 U.S.C. § 636(j)(11)(B)(iii).

and NHOs, and (3) to include Native communities in the broader market economy. This regulation stops successful Native communities from fully benefiting from the investments made to secure and perform contracts for the federal government.

Moreover, in many cases, ANCs, Tribes, and NHOs establish multiple companies to specialize in different sectors, geographies, or customer agencies. Prohibiting a sister company from pursuing follow-on work penalizes this legitimate diversification strategy. Similarly, the subsidiaries of a Native entity often share back-office services, compliance infrastructure, and best practices across their companies. This rule effectively tells them that investment in shared strength is a waste because only one company at a time can benefit from follow-on opportunities. Finally, every dollar of government contract revenue flowing through Native companies creates jobs, dividends, training, and economic activity in Native communities. Blocking sister companies from follow-on awards chokes off this pipeline without any statutory basis or benefit to the federal government.

Rescinding 13 CFR 124.109 (c)(3)(ii) does not mean that Native-owned entities are guaranteed the follow-on work. The procuring agencies have discretion as to whether to make a directed award or to have a competitive process. Moreover, any 8(a) company has to prove that they can perform the work for a fair price prior to being awarded any contract. In other words, even without § 124.109(c)(3)(ii)(A), a sister company would not be "guaranteed" the follow-on award. The agency would retain full authority to evaluate whether the sister company is qualified and cost-effective.

Indeed, only those 8(a) companies that are providing cost-effective and efficient work will even have an opportunity to receive directed awards of follow-on work if 13 CFR 124.109(c)(3)(ii) is rescinded. By keeping this regulation in place, the SBA artificially and unnecessarily ties the procuring agencies hands by barring them from using what may be the most efficient and cost-effective contracting for reasons entirely divorced from actual contract performance. Rescinding 13 CFR 124.109(c)(3)(ii)(A) would restore agency discretion to select the best-qualified 8(a) company—without unnecessary regulatory interference.

NACA proposes that the Committee take action to ensure that 13 CFR 124.109 (c)(3)(ii) is rescinded because it is not statutorily mandated and its rescission will spur economic development for ANCs, Tribes, and NHOs.

XII. Recertificate Requirements For Long-Term Contracts

As a general matter, if a company is small when it is awarded a contract, it is considered small for the life of that contract.[30] This makes sense, as it would be unfair to the small business if they are forced to give up a contract simply because they grew as a result of their success during their performance of the contract. This rule also benefits the federal government by providing procurement certainty – once a small business contract is awarded, the procuring agency does not need to worry about an unexpected disruption in service that could arise if it were prevented from, for example, exercising an option year on the contract because the small business had organically grown in size.

[30] 13 C.F.R. § 121.404(a) ("Once awarded a contract as a small business, a firm is generally considered to be a small business throughout the life of that contract.")

The SBA, however, has chosen to impose a recertification requirement on companies in the 8(a) Program with long term contracts (i.e., contracts longer than five years) that requires the 8(a) company to recertify their size after five years. 13 C.F.R. § 124.521(e)(2) states:

> For the purposes of 8(a) contracts (including Multiple Award Contracts) with durations of more than five years (including options), a contracting officer must verify in SAM.gov (or successor system) whether a business concern continues to be an eligible 8(a) Participant no more than 120 days prior to the end of the fifth year of the contract, and no more than 120 days prior to exercising any option thereafter. Where a concern fails to qualify or will no longer qualify as an eligible 8(a) Participant at any point during the 120 days prior to the end of the fifth year of the contract, the option shall not be exercised.

If the 8(a) company cannot recertify that they are a small business at this five-year mark, any contract options remaining on the contract "shall not be exercised."[31]

The 8(a) Program was established to provide federal contracting opportunities for disadvantaged businesses, first providing access to compete for initial 8(a) contracts and then the ability to grow into successful federal contractors. This arbitrary rule, not mandated by any statue, inhibits the ability of a small business to grow and succeed within the 8(a) program and has resulted in Federal customers issuing fewer longer-term contracts to 8(a) companies due to those participants not being able to recertify at the 5-year mark. Due to the government's hesitancy to issue longer-term contracts to 8(a) companies, 13 C.F.R. §124.521(e)(2) incentivizes small businesses to limit their growth in order to permit them to complete their long-term contracts. The SBA should be imposing regulatory burdens that disincentives growth and encourages companies to remain "small," and that punishes them by kicking them off a contract if they are too successful.

NACA proposes that Congress take action to eliminate the five-year recertification requirement in 13 CFR 124.521(e)(2).

Thank you again for the opportunity to submit these comments on behalf of NACA. We look forward to continuing to work with you and the committee on these important issues facing Native federal contractors.

Sincerely,

Quinton Carroll

Quinton Carroll
NACA Executive Director

[31] *Id.*

national ramp | FREEDOM NOW

July 15, 2025

The Honorable Nick LaLota
Chairman, Subcommittee on Contracting and Infrastructure
S. House of Representatives
Washington, D.C. 20515

The Honorable Gil Cisneros
Ranking Member, Subcommittee on Contracting and Infrastructure
S. House of Representatives
Washington, D.C. 20515

Honorable Mr. LaLota and Honorable Mr. Cisneros,

I'm writing today as a Small Business owner that has, and will be, severely impacted negatively by the VA Rule of Two codified at 38 U.S.C. 8127(d). National Ramp is, in short, exactly the kind of Small Business that America claims it needs today:

- National Ramp serves the disabled population with modular access ramps that are 100% Made in the USA
- National Ramp has invested significantly in automation and robotic welding to keep America competitive in the global marketplace
- National Ramp has hired a labor force of 100% legally documented American citizens growing from 2 employees to 85 employees in 15 years
- National Ramp served the Department of Veterans Affairs since 2016 as a contract holder, serving over 50,000 honorable Veterans with service that earned us "Exceptional" CPARS ratings as a Government Contractor under Contract #: VA240C16D0012
- National Ramp's performance on this contract provided America's Veterans with the fastest turnaround time for evaluating and installing ramps ever seen consistently by the VA, across the entire Central Region
- National Ramp evaluated every ramp within 2 days and installed every ramp within 3 days, from North Dakota to Louisiana, including 18 states across the Central Region
- At the same time, as a manufacturer contracted with a Small Business set aside, National Ramp provided the best possible price to the Government and the American taxpayer



Here's the problem: National Ramp has been rendered ineligible from bidding on any new contracts because we do not have the SDVOSB status claimed by just one ramp manufacturer in America.

This has allowed one ramp manufacturer to have a monopoly on all VA ramp contracts in the United States. Not only is this bad for the taxpayer due to lack of competition, it is very bad for our Veterans – the very group the VA Rule of Two is meant to help!

The VA Rule of Two requires federal agencies to set aside contracts for Veteran-owned businesses when, based on market research, the contracting officer reasonably expects to receive offers from at least two Veteran-owned businesses and that an award can be made at a fair market price.

Unfortunately, what has been happening with modular ramps is that one SDVOSB-owned business has effectively eliminated fair competition in the ramp industry. There is only one SDVOSB manufacturer and the rest are simply contractors who must buy their ramps from manufacturers. This means that one manufacturer has an unfair price advantage over all other suppliers, and while technically there were more than two bidders, effectively there was only one that could win it.

This means the VA and our Veterans are getting inferior service and pricing, while three highly qualified Small Business ramp manufacturers who held the prior contracts have been rendered ineligible from competition.

Further, it is commonly known that there are many, many SDVOB-owned companies that are simply acting as "pass-through" entities for manufacturers, because of their status. This is costing the Government and the American taxpayer millions, if not billions, of dollars per year.

Therefore, I am writing today to the House Small Business Subcommittee on Contracting and Infrastructure (Subcommittee) on *"Leveling the Playing Field: Fostering Opportunities for Small Business Contractors"*.

If this Committee wishes to "Level the Playing Field" for Small Businesses and provide fair competition for best value to the Government and best service to our Veterans, then the VA Rule of Two should be eliminated altogether.

Very respectfully,

Garth Walker, CEO
National Ramp
M: 845-238-7659

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14 July 2025

The Honorable Nick LaLota
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The Honorable Gil Cisneros
Ranking Member, Subcommittee on Contracting and Infrastructure
S. House of Representatives
Washington, D.C. 20515

Dear Representative LaLota and Representative Cisneros:

I am writing to express my strong support for H.R. 2804, the "Protecting Small Business Competitions Act of 2025." Founded in 1973, EA Engineering, Science, and Technology, Inc., PBC is a small business federal contractor specializing in environmental consulting and remediation of hazardous contaminants.

Small businesses—the backbone of our economy, driving innovation, creating jobs, and strengthening local communities—depend on fair access to federal contracting, which sustains their growth while providing the government with high-quality services and products at competitive prices.

For decades, the "Rule of Two" has been a foundational principle in federal contracting. This rule requires that federal agencies set aside contracts for small businesses if the contracting officer has a reasonable expectation that at least two responsible small businesses can perform the work at fair market prices. This longstanding safeguard has been critical in ensuring that small businesses have meaningful access to federal contracting opportunities.

Because the "Rule of Two" is not statutorily required, it is widely expected that it will be stricken in the re-write of the Federal Acquisition Regulation currently underway. This would have disastrous consequences for the American small businesses supporting our federal government and defense needs. H. R. 2804 would codify the "Rule of Two" in the law, addressing this risk. It, and companion legislation in the Senate, would therefore preserve small business competitions and allow small business government contractors to successfully enter, compete, and remain in the industrial base.

In a marketplace that consistently uses large purchasing vehicles, protecting and empowering small business competition is essential. This legislation is necessary and timely to ensure the government's acquisition rules continue to allow small businesses to compete for and win a fair proportion of government contracts. This bill:

- Strengthens the integrity and fairness of the federal contracting process for all businesses.
- Maintains fair competition for small businesses by eliminating ambiguity in procurement practices, thereby enhancing their ability to succeed and stay active in the federal marketplace.
- Enhances competition and allows the government to recruit and retain the small business enterprises that bring new solutions, innovation, and talent to government missions.
- Promotes economic growth by providing small businesses with predictability and stable revenue streams, helping them grow, hire, and contribute to the local economy.

Over the last decade, the number of small businesses winning federal contracts has decreased by 50 percent, and nearly 60 percent fewer small businesses are entering the federal marketplace. The "Rule of

Two" is critical to preserving the small business industrial base and efforts to reverse this decline, as well as America's long-term economic resilience and competitiveness.

I respectfully urge you, and all Members of Congress, to support H.R. 2804's swift passage through both chambers and to stand with America's small businesses by ensuring they have a fair opportunity to compete, contribute, and thrive.

Thank you for your consideration and continued efforts on behalf of the entire small business federal contracting community.

Sincerely,

Ian D. MacFarlane

Ian MacFarlane
President, CEO, and Chair

SOUTHEAST CHEROKEE CONSTRUCTION, INC.

July 7, 2025

The Honorable Nick LaLota
Chairman, Subcommittee on Contracting and Infrastructure
S. House of Representatives
Washington, D.C. 20515

The Honorable Gil Cisneros
Ranking Member, Subcommittee on Contracting and Infrastructure
S. House of Representatives
Washington, D.C. 20515

Dear Chairman LaLota and Ranking Member Cisneros,

I am writing on behalf of my company, Southeast Cherokee Construction, Inc., a proud SBA-Certified Women-Owned Small Business headquartered in Montgomery, Alabama. I wish to express my deep concern regarding the process and cumulative impact of the Revolutionary FAR Overhaul (RFO) on my small business and the broader federal industrial base.

Southeast Cherokee Construction, Inc. is a federal general contractor for the Department of Defense and NASA under NAICS 236220, which carries a small business size standard of $45 million based on the average annual revenue over five years, as reported to the IRS. While I support the federal government's broader agenda to streamline operations and reduce regulatory burdens, I am alarmed by the recent proposal to eliminate the "Rule of Two" from the Federal Acquisition Regulation (FAR) and SBA regulations. The Rule of Two has long served as a critical safeguard, ensuring that small businesses have a fair opportunity to compete for federal contracts. Its removal would severely disadvantage firms like mine and jeopardize progress made toward equitable participation in federal procurement.

1. Personal Experience

As a small business owner, the market research provisions outlined in FAR Part 10 have long played a critical role in ensuring visibility and access to federal contracting opportunities—supporting employment and economic development in mission essential communities. Just today, we received notification of a Sources Sought notice from SAM.gov for a potential Total Small Business Set-Aside under FAR 19.5: a Multiple Award Construction Contract (MACC), Indefinite Delivery, Indefinite Quantity (IDIQ), for MacDill Air Force Base in Florida. While we are already performing work at MacDill, we had no prior indication that this IDIQ opportunity was forthcoming—highlighting the importance of transparent and proactive market research practices. The recent changes directly threaten these outcomes and impair my ability to compete fairly in federal procurement.

1491 Furnace Street, Montgomery, AL 36104
Ph. 334-264-1770 Fax 334-386-5093

With over 38 years of experience delivering federal and state projects—including for the U.S. Army Corps of Engineers (Mobile and Fort Worth Districts), U.S. Air Force, U.S. Army, NAVFAC Southeast and Mid-Atlantic, NASA (Stennis, Redstone, Kennedy, and Langley), ALDOT and other agencies— Southeast Cherokee Construction has consistently demonstrated that women-owned small businesses can provide excellent performance and reliability. Since 2012, we have been awarded twenty-four (24) Small Business IDIQ contracts and have successfully performed work across Alabama, Mississippi, Georgia, Tennessee, Florida, North Carolina, and Virginia.

2. Flawed "Adopt First, Finalize Later" Implementation

The use of rolling class deviations to implement sweeping government-wide policy changes undermines the legally required notice-and-comment process mandated by the Administrative Procedure Act. This "adopt first, finalize later" approach deprives stakeholders of a meaningful opportunity to contribute before rules take effect—rendering public input ineffective and the rulemaking process largely symbolic.

3. Systemic Removal of Procedural Safeguards

The RFO does more than revise isolated rules; it dismantles the interconnected safeguards that support small business participation. The removal of explicit small business provisions from FAR Parts 10 (Market Research), 6 (Competition), and 11 (Describing Agency Needs) has created a procedural vacuum. Contracting officers are no longer required to actively identify and document small business capabilities, consult with the SBA on bundling, or avoid restrictive specifications. Without these prompts, contracts may be structured in ways that systematically exclude small businesses, reducing competition and equity. The burden now falls unfairly on small businesses to monitor and challenge an increasingly opaque acquisition process.

4. Direct Economic Harm to Local Communities

This is not just a regulatory matter—it is an economic issue with immediate implications for jobs and local economies across the country. *Over 300 congressional districts generate more than $100 million in small business federal contract revenue annually. In nearly three-quarters of all districts (325 of 435), more than half of small business contract awards stem from set-asides made possible by the Rule of Two.*

Southeast Cherokee Construction currently employs forty-four (44) individuals and has contracts with one hundred fifty-one (151) local subcontractors for active projects at Redstone Arsenal, Fort Rucker, MacDill AFB, Langley AFB, NASA Langley Research Center, and NASA Stennis Space Center. Changes to FAR Part 10 threaten these jobs and the economic stability of the communities we serve.

5. Risk Transfer to Contractors Will Increase Costs and Reduce Competition

The shift from enforceable standards to non-binding guidance increases financial and operational risk for small businesses. Contracting officers are now steered toward using large, government-wide contract vehicles dominated by large business firms, severely limiting access to new opportunities for small businesses. As a Federal General Contractor that depends on Small Business IDIQ contracts, this shift is detrimental to our survival and stifles competition. With over twenty-two (22) years of experience as a General Contractor, we are firmly committed to maintaining our prime contractor status and have no intention of reverting to a subcontractor role.

Specific Comments on FAR Part 10

Additions and Refinements:
- Introduction of a new hierarchy in §10.001(f) that prioritizes the use of existing government-wide contracts. This inherently favors large incumbents and restricts fair access for small businesses.

- Replacement of mandatory requirements with discretionary guidance, reducing accountability and weakening oversight mechanisms that ensure fair competition.

Critical Removals:
- Elimination of mandatory language requiring contracting officers to actively seek and document small business capabilities.

- Removal of market research triggers tied to small business set-asides and the Rule of Two.

- Deletion of requirements for SBA consultation on bundling.

- Elimination of protest rights based on inadequate market research.

Recognition of USDA Deviation

We commend the USDA for deviating from the broader FAR Council changes. USDA's retention of small business considerations, mandatory documentation, and SBA consultation requirements demonstrates a strong commitment to meaningful small business participation. Their approach should serve as a model for other federal agencies.

Conclusion and Recommendation

FAR Part 10 must explicitly require contracting officers to evaluate and document small business capabilities, ensuring that the Rule of Two remains a viable and enforceable mechanism. SBA oversight and protest rights must be reinstated to safeguard fair competition and prevent exclusionary practices. Immediate corrective action is needed to restore integrity to the federal acquisition system and protect small businesses that are vital to our national economy.

Sincerely,

Lynn M Carter Digitally signed by Lynn M Carter Date: 2025.07.07 14:12:59 -05'00'

Ms. Lynn M. Carter, President
Southeast Cherokee Construction, Inc.
1491 Furnace Street, Montgomery, AL 36104
lcarter@secherokeeconstruction.com
Ph. (334) 264-1770 | Fax (334) 386-5093

cc The Honorable Gary Palmer
File

NOTE*: Data from USWCC*

July 14, 2025

ATTENTION:

The Honorable Nick LaLota
Chairman, Subcommittee on Contracting and Infrastructure
S. House of Representatives
Washington, D.C. 20515

&

The Honorable Gil Cisneros
Ranking Member, Subcommittee on Contracting and Infrastructure
S. House of Representatives
Washington, D.C. 20515

SUBJECT: Statement for the Record – Hearing: "Leveling the Playing Field: The State of Small Business Contracting" (For rescheduled session originally slated to occur on July 8, 2025)

Gentlemen and Gentlewomen on the Subcommittee,

Our firm, SJS Executives, LLC, of Virginia Beach, VA, is an SBA-certified Service Disabled Veteran Owned Small Business (SDVOSB) with about 150 employees in 20 states that has provided professional services to military and federal agencies for 17 consecutive years. Our remarks are borne out of this experience.

Over the last two decades in federal contracting, our firm and its officers have witnessed the damaging effects of forces like accelerated contract bundling and consolidation that continuously benefit large entities to the detriment of small businesses like ours. In short, a few of the trends we have experienced that actively hurt our business while helping large companies include factors like:

- Extremely high gross revenue entry thresholds for participation in contract vehicles like OASIS+ (including its small business tracks)
- Extraordinarily complex, extensive, and labor intensive proposal requirements that are out of scope for small businesses like ours that cannot afford a large proposal development department
- Federal contracting officers as well as program managers failing to understand how the SDVOSB set aside and sole source options work, and therefore failing to apply them, even when optimal legal conditions exist to do so.

As a 100% veteran owned small business, these negative trends have been disheartening, curtailed our growth, and discouraged other veterans in our community in Hampton Roads, VA, from launching new federal contracting companies.

We cannot help but feel some disrespect, also, like when we attended a NASA Langley small business conference approximately a decade ago, only to have the NASA administrators on stage essentially admit to the audience that their agency did not think veteran-operated businesses provided quality professional services,

so they felt we should stick to "blue collar" services like janitorial, groundskeeping, and physical security work instead. (NASA historically has a dismal SDVOSB utilization rate and is on an annual basis is usually the federal agency that procures SDVOSB business services and products the least.) With misperceptions like this fueling agency decisions against us, it is no wonder that small "GOVCON" companies are hurting.

For these reasons and many more, we encourage your subcommittee to continue acting as fierce advocates for America's small companies operating within the federal contracting space. We are your future Teslas, Apples, and Huntington Ingalls Industries—but only if government contracting policies protect our interests by giving us tools to grow, including, most importantly, small business set asides and sole source awards.

Without such tools, we cannot compete with large companies and will eventually fold or be bought out by those companies, potentially stifling technological innovation as well as Americans' and veterans' ability to make a living and accrue adequate retirement savings. Small businesses account for 50% of America's jobs, after all. Small business, therefore, is the best vehicle to achieve the American dream, and your subcommittee has the power to accelerate this precious economic activity with its activities.

We therefore ask you to please help spare or improve upon the tool known as the small business "Rule of Two," which some forces have attempted to abolish.

Although SDVOSB firms like ours are protected by statute because the Rule of Two is currently codified in the U.S. Department of Veterans Affairs' (VA) Rule of Two, set forth at 38 U.S.C. § 8127 and applying exclusively to the VA and to Veteran-Owned and Service-Disabled Veteran-Owned Small Businesses, there are many other categories of small companies that need similar protection to survive in the government contracting space.

Those other small companies are our peers, and as such, our firm feels a responsibility to speak up on their behalf, as we are convinced tools like the "Rule of Two" will continue to foster robust economic activity to the benefit of all, including the American taxpayer. Small businesses, after all, usually have smaller overheads than large entities and therefore can offer goods and services to the government at advantageous prices.

We thank you very much for taking the time to read our remarks and for considering potential solutions to the problems we have cited here.

Best Regards,

Anna Liisa Van Mantgem
Chief Communications Officer
On behalf of SJS Executives, LLC

Timothy Polmateer
B&T Construction Logistics, Inc.
60 King George Rd
Poughkeepsie, NY 12603

July 10, 2025

The Honorable Nick LaLota
Chairman, Subcommittee on Contracting and Infrastructure
S. House of Representatives
Washington, D.C. 20515

The Honorable Gil Cisneros
Ranking Member, Subcommittee on Contracting and Infrastructure
S. House of Representatives
Washington, D.C. 20515

RE: Request for Establishment of SDVOSB Participation Goals in Parallel to DBE Requirements

Dear Chairman and Ranking Member,

I humbly write today to express serious concern about the structural inequities that Service-Disabled Veteran-Owned Small Businesses ("**SDVOSBs**") face as a result of SDVOSB exclusion from the U.S. Department of Transportation's (the "**DOT**") set-aside program for Disadvantaged Business Enterprises ("**DBE**") administered under 49 CFR Part 26 (the "**DBE Guidelines**"). I respectfully request that this Subcommittee take immediate action to establish SDVOSB participation goals that function in parallel to the existing DBE program.

As a service-disabled U.S. Army veteran and a small business owner, I have experienced firsthand the barriers that SDVOSBs face in accessing transportation-related contracting opportunities. Despite unique sacrifices and burdensome obstacles to participating in government contracting, SDVOSBs are not presumed socially and economically disadvantaged under the DBE Guidelines. As a result, SDVOSBs are effectively barred from competing on a level playing field for DOT-funded contracting opportunities, where DBE participation goals significantly influence procurement outcomes. These inequities persist despite federal recognition of our national significance and the establishment of federal goals for SDVOSB participation in all federal funding.

The DBE program has succeeded in creating opportunity and accountability for underrepresented groups in public contracting, yet no equivalent structure exists for SDVOSBs at the DOT. Our exclusion from the DBE program often leaves us invisible and overlooked in project delivery plans.

Why SDVOSBs Need Parallel Goals

1. **Structural Exclusion from DBE Framework**
   SDVOSBs receive no participation credit on DOT-funded projects, and therefore, prime contractors have no incentive to engage SDVOSBs when fulfilling DBE goals, even when those veteran-owned firms are equally qualified, capable, and competitively priced.

2. **Demonstrated Social and Economic Disadvantage**
   Service-disabled veterans face a unique intersection of disadvantages, including disability-related stigmas, difficulty accessing capital, disruption in career pathways and isolation from business networks. This reality meets the very definition of "disadvantaged" outlined in federal equity programs, yet SDVOSBs are not accounted for in DOT policy.

3. **National Interest in Veteran Inclusion**
   The federal government has made a clear commitment to supporting veterans through SDVOSB set asides at the Department of Veterans Affairs and the Small Business Administration. The DOT should align with this mission by including SDVOSB goals on federally funded infrastructure projects. Doing so would not only honor veterans' service but also increase competition, resilience, and accountability in the supplier base.

Recommended Action

The veteran community urges the DOT to consider immediate implementation of the following:

- **Establish an SDVOSB Goal Program**: Similar to the DBE program, the DOT should establish an SDVOSB set-aside program with targets for service-disabled veteran participation on federally funded contracts in parallel and not in lieu of the DBE program.
- **Provide SDVOSB Credit on Current Projects**: Create a mechanism by which SDVOSB participation can be scored and incentivized within the existing DBE framework so SDVOSBs can immediately compete on ongoing projects.
- **Encourage Reporting of SDVOSB Utilization**: Incorporate SDVOSB reporting into existing DOT accountability and compliance systems to assess disparities and develop targeted outreach and capacity-building initiatives for SDVOSBs.

Conclusion

Veteran entrepreneurs, particularly those with service-connected disabilities, deserve a fair opportunity to participate in the rebuilding of America's infrastructure. Without formal recognition or targeted goals, SDVOSBs remain on the sidelines of the very projects our service helped to protect and enable. A parallel SDVOSB program at the DOT would correct this discrimination, create a more competitive and equitable marketplace, encourage States to implement the same standards for SDVOSBs and fulfill the nation's commitment to those who have served.

Thank you for your attention to this critical issue. I welcome the opportunity to discuss these recommendations further based on my experience in both the military and small business ownership.

Most respectfully and sincerely,

Timothy Polmateer
Service-Disabled U.S. Army Veteran
Owner and CEO, B&T Construction Logistics, Inc.



IMPRES Technology Solutions, Inc.
810 Hesters Crossing, Suite 100
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July 15, 2025

- The Honorable Nick LaLota
  Chairman, Subcommittee on Contracting and Infrastructure
  S. House of Representatives
  Washington, D.C. 20515
- The Honorable Gil Cisneros
  Ranking Member, Subcommittee on Contracting and Infrastructure
  S. House of Representatives
  Washington, D.C. 20515

SUBJECT: Support for Small Business Contracting Protections in Federal Procurement

Dear Chair and Members of the Subcommittee,

IMPRES Technology Solutions, Inc. ("IMPRES") is a mission focused Information Technology solutions provider of hardware, software and services to U.S. government customers. I would like to thank the Subcommittee for holding the hearing, *"Leveling the Playing Field: Fostering Opportunities for Small Business Contractors."* We appreciate your leadership in addressing the unique challenges small businesses face in today's federal contracting landscape.

Founded in 2001, our company has grown from humble beginnings to one of the most successful HUBZone IT solution providers with annual revenue approaching $300M. Our success is due in large part to our ability to compete fairly under the protections afforded by longstanding small business set-aside programs, including the Small Business Act and the Rule of Two. These provisions have been instrumental in ensuring that small businesses like ours have access to meaningful contracting opportunities, allowing us to grow, create jobs, and deliver high-quality services to our Civilian and DoD agencies.

I believe it's important to articulate the value a company like IMPRES brings to our customers. Often referred to as a value-added reseller (VAR), our success in supporting customers hinges on two very important factors that separate us from Original Equipment Manufacturer ("OEM") direct procurements:

1. Our Account Executives and Engineers bring their technical expertise and mission understanding to the customer in the field to assist them in selecting the best solution options for their mission from an OEM agnostic point of view. We are a force multiplier for our customers and by understanding what

they are trying to accomplish with the technology, we offer a more precisely targeted acquisition experience than simply selling a product. We are a true mission partner.

2. Our team is motivated to fully understand our customers' unique requirements and bring a broad portfolio of OEMs to the solution equation – not just one. In short, we win when the customer wins with the right combination of OEM solutions. In contrast, the financial interest of a single manufacturer is linked to selling "their" product, which depending on the mission requirements may not always be the right solution. IMPRES, and the rest of the VAR community offers a consultative solution selling approach to deliver the best technology option for the mission.

Having successfully served our Federal customers for decades, we are concerned about the proposed elimination or weakening of the Rule of Two. This rule serves as a foundational safeguard for small business participation in federal procurement. Its removal would severely limit our ability to compete and threaten the viability of countless small businesses that rely on a fair and inclusive federal marketplace. Moreover, it threatens the OEM agnostic service value we bring to our customers.

Small businesses are the engine of innovation and economic growth in this country. Yet, we often face barriers that larger contractors do not—limited resources, complex compliance burdens, and inconsistent application of procurement rules across agencies. The Rule of Two helps level this playing field by ensuring that small firms are not excluded from competition where two or more qualified small businesses are available to perform the work.

VARs make the procurement process easier, offering government a range of contracts and bundling products and services together. We also offer extra services like setup, support, integration, and asset management that not every OEM provides.

We respectfully urge the Subcommittee to take action to preserve and strengthen the Rule of Two, and to ensure that any updates to the FAR continue to prioritize small business access and participation. Protecting these mechanisms is essential to the strength and security of the federal supplier base.

Thank you for your continued support of small business contractors. We stand ready to work with Congress and federal agencies to advance procurement policies that foster opportunity, competition, and innovation.

Sincerely,

John Podolak



Chief Revenue Officer



Tamieka Aaron
President & CEO
X & T Enterprise Company
118 Vintage Park Blvd Suite 410
Houston, Texas 77070
Phone: 346-640-1460
Email: Tamieka.aaron@xtecompany.com

Date: July 10, 2025

The Honorable Nick LaLota
Chairman, Subcommittee on Contracting and Infrastructure
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Gil Cisneros
Ranking Member, Subcommittee on Contracting and Infrastructure
U.S. House of Representatives
Washington, D.C. 20515

Subject: Urging Protection of the Rule of Two and Federal Procurement Opportunities for Small Businesses

Dear Chairman LaLota and Ranking Member Cisneros:

My name is Tamieka Aaron, and I am the President and CEO of X & T Enterprise Company, a certified Service-Disabled Veteran-Owned Small Business (SDVOSB), Economically Disadvantaged Woman-Owned Small Business (EDWOSB), and Minority-Owned Small Business. I am writing to express my strong support for continued protections and prioritization of small business contractors in the federal marketplace—particularly through the preservation of the Rule of Two and caution regarding the proposed FAR overhaul.

As a Black woman entrepreneur, I entered the federal contracting space with a vision to build generational wealth and community impact. After dedicating over 15 years to public service as a registered nurse, I made the difficult but purpose-driven decision to transition full-time into federal contracting to create sustainable opportunities—not only for myself, but for other

underrepresented entrepreneurs and workers in construction, janitorial, catering, and transportation services.

X & T Enterprise has worked diligently to understand and comply with the complexities of the federal procurement process. However, the current regulatory landscape already presents substantial barriers to small firms. The potential removal of the Rule of Two would only make it more difficult for small, woman- and minority-owned businesses to compete. This rule has been a critical safeguard to ensure that contracts are set aside for small businesses when at least two qualified firms can meet the requirements. Removing it would tip the scale even further in favor of large prime contractors, effectively silencing small, diverse businesses that are striving to grow and serve.

Furthermore, without the Rule of Two, agencies could bypass small business contracting goals and use full-and-open competition to justify sole sourcing to large firms. This would not only undercut the intent of the Small Business Act, but also hinder the economic mobility of those of us who have already overcome substantial obstacles to establish our businesses.

With an MBA in progress, a nursing degree, and a track record of service to veterans, seniors, and underserved populations, I represent just one of many determined and capable small business owners who rely on a fair and inclusive federal contracting environment.

I urge you to oppose any action that would remove or weaken the Rule of Two and to consider the very real impact these decisions have on the economic futures of small, minority- and woman-owned businesses across the country.

Thank you for your leadership and for considering this letter of support. I appreciate the Subcommittee's commitment to listening to small business voices during this crucial period.

Respectfully,

Tamieka Aaron

President & CEO
X & T Enterprise Company

ISS INFORMATION SYSTEMS SOLUTIONS

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To: The Honorable Nick LaLota
Chairman, Subcommittee on Contracting and Infrastructure
U.S. House of Representatives, Washington, D.C. 20515

Re: Statement for the Record – Hearing: "Leveling the Playing Field: The State of Small Business Contracting" (July 8, 2025)

This link here is a very good summary of what I feel is THE major problem small businesses have in today's procurement environment – that of **Joint Venture favoritism. Mentor-protégé joint ventures (MPJVs) have taken over the world of set-aside Government-Wide Acquisition Contracts (GWACs).**

https://www.mslaw.com/mslaw-blog/recent-court-ruling-already-reflected-in-gsas-oasis-solicitations

In April 2023, the Court of Federal Claims issued a decision in the case SH SYNERGY, LLC. v. USA, No. 1:2022cv01466 - Document 45 (Fed. Cl. 2023). Among other things, the court found that GSA's evaluation criteria violated the SBA's mentor-protégé regulations in 13 CFR 125.8(e). **Since then, GSA has used evaluation criteria that favors joint ventures over other small-business concerns.**

Notably what has been enacted is as Miles & Stockbridge state in the link above: **"Qualifying Projects submitted in the name of the protégé must only meet or exceed 50 percent of the minimum average annual value specified [for other small businesses] ...".** This means protégés need only half the points required of small business concerns to beat out a non-JV small business concern. **The result is that a JV is now *required* in order to win an award on IDIQ set-aside vehicles.** This means small businesses cannot win on their own – they must Joint Venture.

The writeup in the link by Miles & Stockbridge also references CIOSP4, but the same thing also happened to the Department of Veteran's Affairs Transformation Twenty-One Total Technology Next Generation 2 (T4NG2), with an SDVOSB set-aside. In the thirty (30) awards, only one SDVOSB won. All the other twenty-nine (29) awards were to SDVOSB Joint Ventures or large businesses, and of those large businesses, at least four received both the SDVOSB (as a JV) and Unrestricted awards. GSA's OASIS+ also used the lower criteria for JVs, but in this situation there was no limit on the number of awards as long as a concern meets their minimum required point value.

Because of this inequality in awarding points in these solicitations, small businesses can no longer stand alone – they must Joint Venture. The intent of a JV is honorable, to provide mentorship to help a small business grow; in practice the mentor controls the work and gets the majority (up to 60%), while providing little to no actual mentoring.

Please remove the favored status of Joint Ventures. The purpose of small business set-asides is to give small businesses the opportunity to not compete against large companies. We, as small businesses, cannot compete against the large businesses that control the JVs.

Respectfully,

Linda Houk

Linda Houk
CEO, Information Systems Solutions, Inc. (SDVOSB and WOSB)
and Director, Montgomery County Chamber of Commerce, Maryland (Board of Directors)

VENATÔRE

Venatore, LLC
501 E. Kennedy Blvd, Suite 802
Tampa, FL 33602

July 14, 2025

To: The Honorable Nick LaLota
Chairman, Subcommittee on Contracting and Infrastructure
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Gil Cisneros
Ranking Member, Subcommittee on Contracting and Infrastructure
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairman LaLota and Ranking Member Cisneros:

On behalf of Venatore, LLC, a proud small business committed to delivering essential support services to the federal government, I am writing to express our profound concern regarding any proposals aimed at eliminating or weakening the Small Business Act's critical "Rule of Two."

The Rule of Two has been an indispensable cornerstone of federal procurement policy for decades, safeguarding equitable opportunities for small businesses across the nation. It supports the growth, innovation, and competitiveness of America's small business industrial base - a base vital not only to national security but also to economic resilience and technological advancement.

Eliminating or weakening this rule would have immediate and detrimental consequences for small businesses like Venatore. Such action would significantly diminish our ability to fairly compete for federal contracts, accelerating the consolidation of government contracts among larger corporations and undermining federal government small business contracting goals. Moreover, it would discourage entrepreneurial efforts, reduce market diversity, and negatively impact overall economic growth.

The Rule of Two does not guarantee contracts - it guarantees opportunities. Venatore, along with many small businesses nationwide, has invested heavily in developing specialized capabilities, certifications, and proven performance records to effectively support government missions. These investments foster a competitive, diverse ecosystem essential for bringing innovative, efficient, and cost-effective solutions to the government. Without the Rule of Two, this thriving ecosystem faces significant risk.

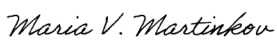
Recognizing the urgency of protecting this vital procurement principle, Ranking Member Nydia Velázquez has introduced H.R. 2804—The Protecting Small Business Competitions Act of 2025. This legislation aims to codify the Rule of Two, ensuring it remains a mandatory and enforceable requirement for all federal agencies. H.R. 2804 will:

- Maintain fair competition for small businesses by eliminating ambiguity in procurement practices, strengthening their capacity to succeed and remain active in the federal marketplace.
- Enhance innovation and government effectiveness by ensuring that federal agencies can continue recruiting and retaining small enterprises that contribute fresh solutions, innovation, and critical talent to government missions.
- Promote economic growth and stability by providing small businesses with predictability and stable revenue streams, enabling them to expand, create jobs, and invigorate local economies.

Venatore proudly employs over 100 dedicated professionals, and our growth and success are partly attributed to the fair and equitable opportunities afforded by the Rule of Two. We strongly urge you and your colleagues to actively support and swiftly pass H.R. 2804, thereby preserving this essential principle for current and future generations of small business leaders.

Thank you for your steadfast leadership and unwavering commitment to America's small businesses.

Respectfully,



Maria V. Martinkov
Chief Executive Officer
Maria.martinkov@venatore.com

AIRPORT MINORITY ADVISORY COUNCIL

September 11, 2025

The Honorable Nicholas LaLota
Chair
Subcommittee on Contracting and Infrastructure
Committee on Small Business
2361 Rayburn House Office Building
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Gil Cisneros
Ranking Member
Subcommittee on Contracting and Infrastructure
Committee on Small Business
2361 Rayburn House Office Building
U.S. House of Representatives
Washington, D.C. 20515

Regarding: Hearing Titled "Leveling the Playing Field: Fostering Opportunities for Small Business Contractors"

Dear Chairman LaLota and Ranking Member Cisneros:

On behalf of the membership, customers, and strategic partners of the Airport Minority Advisory Council (AMAC), thank you for the opportunity to submit written testimony for this hearing on fostering opportunities for small business contractors. AMAC is a national non-profit trade association dedicated to advocating and promoting the full participation of minorities and women in employment and contracting opportunities throughout the aviation and airport industries. AMAC's membership is diverse, including firms certified per U.S. Department of Transportation (USDOT) regulations as "disadvantaged business enterprises" (DBEs) as well as firms of all sizes involved in airport contracting but which are not certified, large companies, airport executives, managers and airports.

Federal contracting has historically been one of the most effective avenues for building wealth and economic mobility in the United States. However, recent policies have created significant barriers that threaten the survival of small businesses in the federal marketplace.

The Small Business Administration (SBA) was created through the Small Business Act of 1953 to preserve small business institutions and protect free and competitive enterprise. Congress declared that the federal government must actively aid, counsel, assist, and protect small businesses, ensuring they receive a fair share of federal contracts and subcontracts for goods and services.

It was further the intent of Congress to establish a statutory framework for small business participation in federal transportation to ensure that small businesses, including socially and economically disadvantaged individuals, particularly minority- and women-owned businesses, have a meaningful

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opportunity to participate in federally funded contracting. Over the decades, Congress has reinforced and expanded these principles, recognizing that without deliberate safeguards, large incumbents would dominate federal contracting and entire communities would remain excluded from the economic benefits of federal spending.

When Congress later established a statutory goal for small and disadvantaged business participation under 49 U.S.C. § 105(f) and the Surface Transportation Assistance Act of 1982, it did so to address historic and systemic barriers that had prevented small businesses from accessing federally funded transportation projects. This was not framed as a preference or quota, but as a corrective mechanism to level the playing field. Congress explicitly recognized that socially and economically disadvantaged firms faced structural barriers to entry, including discrimination, lack of access to capital, and exclusionary industry practices. Without intentional efforts, these firms would continue to be locked out of the vast federal transportation marketplace, leading to decreased competition and diminished innovation.

On February 15, 2024, in this subcommittee's hearing titled "Leveling the Playing Field: Challenges Facing Small Business Contracting," Chairman LaLota recognized *"systemic failures in the federal acquisition process, which undermines small business participation in contracting."* Unfortunately, those historic and systematic barriers identified in 1982, and the *"systematic failures"* identified by the Chairman last year, still exist and still require intentional efforts to expand the supplier base and increase access to the transportation marketplace.

In short, the statutory goal and the creation of the DBE and ACDBE programs were intended to ensure that taxpayer dollars work for all Americans, not just a privileged few. Congress justified these efforts by demonstrating that inclusive participation in federal contracting strengthens the nation's overall economic health, enhances fairness and integrity in government spending, and safeguards the United States' position as a global leader in transportation infrastructure development.

In the context of USDOT, the Federal Aviation Administration (FAA), and the airport and aerospace industries, the SBA plays a pivotal role by facilitating access for small businesses to compete for contracting opportunities. Through its policies and oversight, the SBA ensures that these businesses are not excluded from federally funded projects, helping to expand participation, foster competition, and strengthen the nation's economy.

Unfortunately, over the past decade, more than 90,000 small businesses have been lost from the federal contracting base. The number of small businesses receiving federal contracts has decreased by 50 percent over the past 10 years, and nearly 60 percent fewer small businesses are entering the federal contracting system. This decline represents far more than just numbers — it is the erosion of innovation, local job creation, and the diverse entrepreneurial ecosystem that underpins our economy. Small businesses are not just vendors; they are economic anchors in communities, providing good jobs and reinvesting locally. Their absence weakens supply chains, slows innovation, and ultimately drives up costs for taxpayers.

As we struggle to recruit and retain small firms into the Federal supplier base, recent attempts to undermine or eliminate the BDBE and ACDBE programs are further exacerbating the decline in participation. The DBE program remains the Federal government's most effective tool for ensuring that

minority- and women-owned businesses have a fair opportunity to compete for federally assisted highway, transit, and surface transportation projects. Again, the program is not a preference, but a safeguard against the well-documented barriers to entry and participation faced by small and disadvantaged firms in the transportation marketplace.

Preserving the DBE program advances three vital national interests:
Economic Growth – DBEs generate billions of dollars in economic activity each year, creating jobs, expanding the supplier base, and reinvesting in communities that have historically been excluded from federally funded opportunities. When DBEs succeed, they create ripple effects that support local tax bases, enable workforce development, and open pathways for future entrepreneurs. Eliminating or weakening the program would not only harm thousands of existing small businesses but would also shrink competition and reduce the economic vitality of the transportation sector as a whole.

Equity and Fairness – The program ensures taxpayer dollars are spent in a manner that prevents exclusionary practices and sustains public confidence in the integrity of federal contracting. DBE participation ensures that the benefits of massive federal investments are not concentrated among large incumbents, but instead fuel growth across firms that reflect the full diversity, ingenuity and competitiveness of the American economy.

Innovation and Resilience – By broadening participation, DBEs bring new approaches, efficiencies, and community connections that strengthen America's transportation network. DBE firms often emerge from local communities and are uniquely positioned to offer innovative solutions that larger, entrenched firms may

Unfortunately, deleterious actions by previous and the current Administration are not only continuing but are expediting the reduction in small business participation in government contracting.

Dismantling or diluting the DBE program would be economically shortsighted and socially regressive. It would destroy decades of progress toward inclusion, erase opportunities painstakingly won, and signal to minority- and women-owned businesses that their contributions to the transportation sector are no longer valued. Without the program's safeguards, existing discriminatory barriers would intensify, reversing gains made since the program's inception and undermining the credibility of federal transportation policy.

As USDOT and Congress consider priorities for safety, efficiency, and project delivery in the Surface Transportation Act, the DBE program must remain a cornerstone of federal transportation policy. DBEs strengthen the infrastructure ecosystem. Diluting or removing DBE requirements would erode decades of progress toward inclusion and result in a loss of critical capacity, slower delivery, higher costs, and diminished public impact.

Finally, preserving the DBE program is not just about fairness at home; it is about global competitiveness. By cultivating a wider pool of skilled contractors, innovators, and service providers, the United States strengthens its capacity to deliver infrastructure more efficiently and at lower cost than if opportunities were concentrated among a few large incumbents. This meets the original and repeatedly reinforced intent of Congress to preserve free competitive enterprise and ensure that a fair proportion

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of federal contracts are awarded to small businesses, not merely as a programmatic goal, but as a deliberate strategy to prevent the concentration of federal procurement in the hands of a few large corporations, which could stifle innovation and create monopolistic markets.

In an era where infrastructure is central to economic competitiveness with Europe, Asia, and emerging markets, the DBE program helps ensure that America's transportation sector remains dynamic, inclusive, and resilient on the world stage. Congress has always recognized small businesses as the backbone of the federal procurement system and a vital safeguard for America's economy, essential to our economic strength and innovation.

By fostering a broad base of suppliers, Congress sought to keep markets competitive and to build a globally competitive U.S. industrial base. Today, as the federal government faces complex global challenges, the role of small businesses in providing unique capabilities and preventing over-reliance on a limited number of prime contractors is more important than ever, reflecting both the original vision of the Act and the ongoing necessity of fair and open competition. By acting now, Congress can preserve competition, strengthen supply chains, and ensure taxpayer dollars are used effectively.

We appreciate the Subcommittee's leadership on this issue and look forward to working together to strengthen our aviation and aerospace sector and to protect and grow our nation's small business industrial base.

Respectfully,

Eboni Wimbush
President & CEO, AMAC

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Rebecca Conteras
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July 18, 2025

The Honorable Nick LaLota
Chairman, Subcommittee on Contracting and Infrastructure
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Gil Cisneros
Ranking Member, Subcommittee on Contracting and Infrastructure
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairman LaLota and Ranking Member Cisneros:

As the Founder and CEO of AvantGarde LLC – a woman-owned small business providing mission-driven consulting in human capital, IT, strategy, and business operations to federal agencies – I write in strong support of the Protecting Small Business Competitions Act of 2025 (H.R. 2804) and the effort to codify the "Rule of Two" in the Federal Acquisition Regulation (FAR).

At AvantGarde, we pride ourselves on supporting federal missions with agility, innovation, and a commitment to operational excellence. The "Rule of Two" has long served as a critical mechanism for ensuring small businesses like mine have a fair opportunity to compete. Its codification is not just procedural – it's essential to preserving the integrity and accessibility of the federal procurement process.

Without a statutory foundation, this long-standing safeguard is vulnerable, risking the erosion of decades of progress made in empowering small businesses. For companies like mine, which has grown to 100 employees yet remains a **small business under all relevant NAICS codes**, competing against large corporations with expansive proposal teams and infrastructure is simply not feasible (*or fair*) for any small business like mine. The Rule of Two levels the playing field, allowing us to continue contributing meaningfully to government missions, job creation, and economic mobility in the communities and American families we serve.

Codifying this rule will ensure federal agencies continue to consider small business participation before defaulting to large-scale contracts or bundling requirements beyond our reach. It reinforces Congress's long-standing commitment to fostering entrepreneurship and innovation among America's small business community.

I thank you for your leadership and **urge you to advance H.R. 2804**. Your support will help ensure small businesses remain competitive, resilient, and able to grow. We are the backbone of the American economy: eager to serve, ready to deliver, and committed to driving impact across the country.

Sincerely,

Rebecca Contreras
Founder & CEO
AvantGarde LLC



September 10, 2025

The Honorable Nick LaLota
Chair
House Committee on Small Business
Contracting and Infrastructure
Subcommittee
U.S. House of Representatives
Washington, DC 20515

The Honorable Gil Cisneros
Ranking Member
House Committee on Small Business
Contracting and Infrastructure
Subcommittee
U.S. House of Representatives
Washington, DC 20515

Chairman LaLota, Ranking Member Cisneros, and Members of the Subcommittee:

GovEvolve is pleased to submit the following testimony for the record for the Contracting and Infrastructure Subcommittee hearing, “Leveling the Playing Field: Fostering Opportunities for Small Business Contractors”. GovEvolve is the leading advocacy organization for small and midsize businesses that support government innovation. GovEvolve works to support the technology industry by promoting public policies that encourage innovation and competitiveness. We respectfully submit this testimony on the Subcommittee hearing on small business contracting. We thank the Chairman, Subcommittee Chairman, Subcommittee Ranking Member, and the Subcommittee members and staff for their work and efforts on behalf of the small business IT contracting community.

As the voice for these distinct businesses, GovEvolve’s mission is to help ensure that the government has access to the most modern technology by promoting public policies that encourage innovation and competitiveness. Agencies that have begun to adopt emerging technologies struggle to keep pace with technology challenges such as cybersecurity threats. At the same time, the federal government has begun to move toward acquisition of technologies through direct interaction with OEMs that are unable to accommodate specific agency needs and protections. GovEvolve supports mitigating the impediments to federal procurement and ensuring a robust acquisition landscape that enables government partners to access modern technology, tailored to their purposes and security needs. We raise the following issues for consideration by the Committee when seeking a leveled playing field for small business IT federal contractors:



Educate Government on Essential Role of IT Value-Added Resellers (ITVARs) in IT Modernization

The economic activity surrounding ITVARs is a distinct and critical force in the modern technology-driven marketplace. Unlike traditional resellers that merely facilitate transactions, ITVARs actively enhance the value of technology products, creating a service-based economy that extends far beyond the initial sale. Their role is unique because they bridge the gap between manufacturers and end-users, translating complex technologies into practical, revenue-generating solutions for businesses. ITVARs do far more than resell – they integrate, configure, deliver, and support complex IT environments. They help government customers architect and deploy multi-vendor solutions; ensure compliance with mandates including the DoD's Cybersecurity Maturity Model Certification (CMMC), the Federal Risk and Authorization Management Program (FedRAMP), Trade Agreements Act (TAA), and Zero Trust; and reduce time, cost, and complexity across the acquisition lifecycle. Without ITVARs, agencies must absorb these responsibilities internally, which most are neither staffed nor resourced to do.

One-size-fits-all procurement reforms like the General Services Administration's (GSA) OneGov Strategy risk increasing costs, reducing efficiency, and undermining mission outcomes – especially for small and midsized agencies that rely heavily on ITVAR support. These small companies go beyond simply selling technology products by adding a layer of services, bridging the gap between manufacturers and end-users. They transform complex technologies into practical, revenue-generating solutions for businesses.

For the federal government, ITVARs offer crucial support that strengthens the IT supply chain and helps agencies achieve their goals. They provide essential services, expertise in compliance, and market access that are critical to mission success.

Limit Centralization to Tier-1 Software

Limit the scope of OneGov-style procurement consolidation to software licensing from Tier-1 providers such as Microsoft, Adobe, and Google. Enterprise licenses from these vendors can be more cost-effective at scale and are generally non-mission-specific, low-risk products with long adoption histories. OneGov-style procurement, however, is less efficient for hardware, emerging technology such as Artificial Intelligence (AI), Zero Trust, Internet of Things (IoT), and multivendor integration projects, as the mission needs for these products vary drastically and require keeping up with rapidly evolving technology.



Create a Dedicated ITVAR NAICS Code

The ITVAR exception under the North American Industry Classification System (NAICS) code 541519 is insufficient to categorize the products and services required in recent complex IT procurements. Issues and restrictions surrounding small business procurements have led to frequent misclassification of IT acquisitions and potential liability for contractors.

From its origins as a fragmented industry facing regulatory uncertainty, the ITVAR market has become a dominant force in overarching IT procurement. Whether supporting federal agencies, small and mid-sized businesses, or multinational enterprises, ITVARs are increasingly critical in modernizing infrastructure, securing networks, and driving cloud-based transformation. With the U.S. market set to double by 2032, ITVARs are well-positioned to shape the next decade of IT innovation, federal contracting, and global technology adoption. Creating a dedicated ITVAR NAICS code, and an appropriate size standard, enables small contractors to provide the best possible IT solutions to the government.

Align the SBA's Small Business Size Standards to Keep Pace with the Federal Government's Buying Trends

Ensuring NAICS code size standards used by resellers reflect the size of contracts/task orders being awarded by federal agencies is important to the survival of these businesses.

The method of calculating whether a business is small seems like it should be fairly straight forward, but in the ITVAR industry, it is not. For IT resellers, there is no one NAICS code that easily fits all the products and services they provide. The acquisition workforce is required to designate a single NAICS code to a procurement. A solicitation for IT-related acquisitions can often be for a mix of both products and services, which is inadequately captured by the current NAICS system. Recognizing the traditional rules and regulations cannot properly be applied to IT resellers, federal agencies have sought numerous workarounds. The rules have not adapted to quickly changing technology-related procurements and ultimately this piecemeal approach has failed. Therefore, the SBA came up with a solution: "Footnote 18" under NAICS code 541519 - Other Computer Related Services.

Twenty years ago, ITVARs did not have teams that went on-site for customers to deploy and manage these solutions. Today, they employ deployment teams whose job it is to



go onsite and install the solution, integrate it with existing customer systems, and stay onsite often for many years to develop the inside of those systems. Twenty years ago, there were also far fewer contracts to bid on and the bids were fairly straightforward, requiring a small proposal team or light outsourcing of the proposal. Current proposal efforts are often extremely large, very complex and require a large staff to be successful. Additionally, opportunities in my industry are regularly solicited through large five- or ten-year contracts. So, if a company loses a bid for a spot on the contract, that small business cannot do business with that federal customer for many years. The stakes today are much higher.

At the core of ITVAR's economic activity are post-sale services – technical support, troubleshooting, and maintenance – which ensure that organizations fully utilize their investments. This sustained engagement fosters a recurring revenue model, where businesses continue to pay for expertise rather than products. ITVARs also generate additional revenue streams through customized training programs and extended support contracts, allowing firms to extract long-term operational value from their technology purchases.

The SBA's Office of Size Standards has a big mission – deciding what size a commercial company can be to be considered small, either in terms of revenue or employees. Size standards are industry specific and set through NAICS codes. The SBA calculates size standards by computing a weighted average of businesses in an industry using five factors: average firm size, average assets size, four-firm concentration ratio, Gini Coefficient (measure of statistical dispersion intended to represent the income inequality, the wealth inequality, or the consumption inequality within a nation or a social group), and small business participation in federal contracting.

This model does not consider the unique nature of the ITVAR industry, and we applaud the Committee's effort to highlight this issue in February 2024 during a full Committee hearing on size standards. We are encouraged by the SBA's recent announcement of industry roundtables on their monetary-based size standards proposed rule and encourage the Committee to continue oversight into the SBA throughout this process.

Codify the Rule of Two

For IT small business contractors, codifying the rule of two into law is especially critical given the rapid growth and consolidation of the federal technology marketplace. Too often, large prime contractors dominate IT awards, leaving innovative small firms – who

are frequently at the cutting edge of cybersecurity, cloud, and emerging technologies – without a fair shot to compete.

By embedding the rule of two into statute, Congress would ensure that contracting officers consistently set-aside opportunities when multiple capable ITVARs exist, creating a more predictable and equitable procurement environment. This clarity not only reduces the risk of misinterpretation or inconsistent application across agencies but also strengthens the role of small businesses in advancing federal missions with agile, cost-effective, and innovative technology solutions. In short, codification protects access to the IT supply chain for small contractors, fuels competition, and helps the government tap into the innovation engine that small businesses uniquely provide.

Thank you for your consideration of these critical issues facing IT small business contractors. For additional information, please contact me at calsup@madisonservicesgroup.com.

Sincerely,

Chris Alsup

Chris Alsup
Executive Director
GovEvolve



Testimony for the Record

On Behalf of

HUBZone Contractors National Council

House Committee on Small Business Subcommittee on Contracting and Infrastructure Hearing

"Leveling the Playing Field: Fostering Opportunities for Small Business Contractors"

September 10, 2025

Chairman LaLota, Ranking Member Cisneros, and Members of the Subcommittee:

The HUBZone Contractors National Council submits the following testimony for the record on the important topic of this hearing – fostering opportunity for small business federal contractors around the country.

The HUBZone Council is a non-profit trade association providing information and support for companies and professionals participating in the Small Business Administration's (SBA) Historically Underutilized Business Zones (HUBZone) program. The Council strives to promote economic development in underutilized rural and urban communities, as well as maximize success for companies participating in the HUBZone program. The Council's membership includes HUBZone-certified small businesses, other small businesses, large businesses, and organizations interested in the HUBZone Program.

The HUBZone program is designed to provide economic assistance to underserved areas by awarding federal contracts to small businesses that operate and employ workers in those areas. The underlying principle behind the HUBZone program, enacted by Congress in 1998, remains the same today – to decrease unemployment and revitalize low-income communities by encouraging businesses to locate in these HUBZone areas. Congress, in its creation of the program, stated that the creation of new jobs in economically distressed areas presented a challenge to all levels of government. The HUBZone program was designed to incentivize businesses to locate in these areas, creating wealth creation through much needed jobs.

We thank the Committee for its continued commitment to support small businesses doing business with the federal government. It is because of this Committee's strong commitment to improving the HUBZone program that a substantial modernization effort was signed into law in 2018. However, substantial challenges and barriers continue to impact HUBZone companies. Since the program's inception, the Federal Government has never met its goal to obligate 3% of eligible prime contract dollars to HUBZone small businesses. This represents over 25 years of missed opportunities and unawarded dollars for companies that operate and employ workers in HUBZones. To date, the HUBZone program is the only SBA contracting program where the government continually fails in meeting its established goal.

Therefore, we recommend the following actions to increase awards to HUBZone companies and the communities we serve:

Fully Utilize the HUBZone Program

The Council will continue to advocate for the HUBZone program, ensuring maximum utilization of federal contract awards to HUBZone businesses, because the government has never met its 3% goal. In its quest to update federal buying practices, the Administration has initiated, by executive order, a review of both civilian and defense procurement policies. While the Council applauds changes such as shortening

the period it takes to award a government contract and providing expedited buying for innovative solutions, utilization of small businesses as required by statute should continue to be a priority. The Council will continue to advocate for the HUBZone program, ensuring maximum utilization of federal contract awards to HUBZone businesses, as the government has never met its 3% goal.

Removal of the Arbitrary 20% HUBZone Cap for Designated Areas: Allow All Qualified HUBZone Areas to Participate in the Program

A 20% cap that currently exists on number of HUBZones in each state (or territory). This cap exists because the determination of a HUBZone is associated with how Qualified Census Tracts (QCTs) are designated by the Department of Housing and Urban Development (HUD), based on poverty and household income criteria. QCTs determine which areas are eligible to receive the Low Income Housing Tax Credit. The Credit is based on population – each state receives $2.60/person or about $3 million whichever is greater. Since the Credit has a limited amount of money, the goal is to ensure that the lowest income areas receive the funding. The 20% population cap ensures that the locations most in need receive the HUD funding, however, for the purposes of HUBZone area eligibility, it doesn't make sense to limit them. If the cap was removed, then an area meets the statutory unemployment/median income requirement will qualify to be a HUBZone.

Protect the Rule of Two

While the Rule of Two has been in place for decades and confirmed by the courts, the Council supports legislation to ensure the government's acquisition rules continue to allow small businesses to compete for and win a fair proportion of government contracts. In a marketplace that consistently uses large buying vehicles, protecting and empowering small businesses is good policy and essential for their continued participation. For these reasons, the Council supports H.R. 2804, introduced by the Committee's Ranking Member, Nydia Velázquez. Codifying the Rule of Two will both preserve small business competitions and allow small business government contractors to successfully enter, compete, and remain in the industrial base.

Eliminate Double Counting of Contract Awards to Small Businesses

Each year, SBA issues a scorecard that measures agencies' performance in meeting their small business goals. In Fiscal Year (FY) 2024, 2.75%, or $17.6 billion, of prime contracts were awarded to HUBZone businesses, missing the 3% goal.[1] The Council believes inaccurate reporting, known as double counting, skews the numbers awarded to HUBZone certified companies. Agencies often count the same contract to more than one socioeconomic category. For example, the scorecard counts a general small business award who just happens to be a HUBZone certified company twice. This practice ultimately inflates the data

[1] https://www.sba.gov/federal-contracting/contracting-data/small-business-procurement-scorecard/scorecard-details

reported on small business contracting awards. Changing this policy would increase the accuracy of the procurement scorecard and drive more opportunities for small businesses to compete.

Apply the Price Evaluation Benefit to Task Orders

The HUBZone price evaluation benefit helps level the playing field for HUBZone firms in full-and-open competition, as well as affords federal agencies greater opportunity to devote federal spending to HUBZone firms. Regrettably, federal agencies have interpreted FAR 19.1304 as prohibiting the price evaluation preference to task orders when, in fact, it only prohibits commodities. We urge Congress to direct federal agencies to amend their interpretation to follow the law as Congress intended. As the federal government increasingly drives its spending through IDIQ contracts, such as the "Best in Class" (BIC) contracts, a significant opportunity for HUBZone spending is being lost because the HUBZone price evaluation is not being applied in the award of task orders. Included in the House-passed version of the FY2021 National Defense Authorization Act (NDAA), applying the price preference would significantly benefit the SBA, federal agencies, HUBZone firms and the communities they serve. Amend the Criteria for Maintaining HUBZone Status. The HUBZone program provides flexibility for the requirement that 35% of its employees must be in a HUBZone if a company holds a HUBZone contract awarded through the set-aside program. As employees and contracts change, a company may temporarily fall below the 35% threshold. The Council believes this flexibility should be applied to all HUBZone firms, regardless of whether they hold a prime contract awarded through the HUBZone set-aside program. If "attempt to maintain" is redefined to include all contracts, the program will significantly benefit by providing HUBZone companies more stability.

Expand Sole Source Contract Opportunities for HUBZone Companies

As government buying continues to trend toward buying through large contracting vehicles and moving away from direct contracts, the ability for small companies to win sole source awards is more crucial than ever. The Council supports eliminating option years for sole source contracts to allow for $4.5/$7 million each year, instead of over the life of the contract – as changed in House-passed H.R. 190 during the 116th Congress. The Council also believes that creating parity among SBA socioeconomic contracting programs, as it relates to sole source contracts, would incentivize agencies to increase their awards. A current impediment to awarding sole source contracts is the requirement that a contracting officer must show that they do not have a reasonable expectation that offers would be received from two or more HUBZone small business concerns. There is confusion around the language "reasonable expectation," which leaves this interpretation up to each contracting officer. This presents a barrier to awarding a sole source contract to a HUBZone company, as this could open the door to a protest – an action contracting officers seek to avoid. Eliminating this requirement for the HUBZone, WOSB/EDWOSB and SDVOSB programs would increase these awards to small businesses. Additionally, SBA's Office of Government Contracting and Business Development (GCBD) should develop guidance to clarify how the acquisition workforce can award sole source contracts to small businesses.

Give SBA a Seat on the FAR Council

Small businesses deserve a voice on acquisition policy. Currently, the members of the Federal Acquisition Regulation (FAR) Council include the Administrator for Federal Procurement Policy from the Office of Management and Budget (OMB), the Administrator of General Services from the General Services Administration (GSA), the Secretary of Defense from the Department of Defense (DoD), and the Administrator of National Aeronautics and Space from the National Aeronautics and Space Administration (NASA). The Administration's current effort to rewrite the FAR highlights the importance of having SBA on the Council since Part 19 pertains to small business contracting. Having a seat at the table through SBA representation would result in thoughtful policy changes pertaining to the industrial base.

Adopting the changes suggested in this testimony will benefit both HUBZone businesses and the federal government. Increased opportunities for HUBZone businesses create greater opportunities for utilization of SBA programs and a more efficient procurement system, all of which build resiliency of the industrial base. The HUBZone contractor community is optimistic that the Congressional actions providing more certainty, flexibility, and fair requirements for the program will help companies across the country meet the program's mission. Our member companies and all HUBZone certified firms are ready to compete on federal contracts to bring jobs, innovation, training, and economic empowerment to HUBZones. We appreciate the Committee's leadership on issues related to small business federal contracting and look forward to working with Congress to advocate for procurement policies that benefit HUBZone and other small business federal contractors.

Thank you for holding this important hearing. More information on the Council can be found at www.hubzonecouncil.org. Please contact Council Chair Shirley Bailey at 240-767-6910 or by email at shirley.bailey@summitfederalservices.com.

Testimony for the Record

On Behalf of

ITVAR Modernization Coalition

House Committee on Small Business Contracting
and Infrastructure Subcommittee Hearing

"Leveling the Playing Field: Fostering Opportunities
for Small Business Contractors"

September 10, 2025

The ITVAR Modernization Coalition submits the following testimony for the record. The Coalition would like to thank the Subcommittee for holding this hearing, providing the opportunity for industry to share their input. The ITVAR Coalition consists of small and midsize government contractors that provide information technology (IT) reseller services to the federal government and commercial marketplace. The Coalition's mission is to educate the federal buyer ecosystem on the critical role ITVARs play in technology infrastructure and to advocate for policies that ensure their full utilization.

Background

More than 6,000 companies in the United States identify as value-added resellers, including ITVARs. ITVARs have seen remarkable growth in the last ten years as a key component of this sector, developing into a unique economic activity. This growth reflects a rise from roughly $200 million in 2013 to $422.4 million in 2023, with an anticipated 8.3% Compound Annual Growth Rate (CAGR) by 2030.

Contributions of IT Value-Added Resellers to the Federal Supply Chain

In both federal and commercial markets, Information Technology Value-Added Resellers (ITVARs) serve as a vital bridge between manufacturers and end users – a model known as the "channel." These small and midsized businesses specialize in integrating products and services into turnkey solutions. While cost control is important, focusing narrowly on markup percentages or VAR margins risks creating false economies – short-term savings that result in long-term inefficiencies, reduced service quality, and lost strategic value in the federal IT supply chain.

Examples of key contributions of ITVARs to the federal supply chain include:

- Support Beyond the Sale: Provide integration, configuration, deployment, lifecycle management, and technical support, often at no additional cost, ensuring mission readiness and productivity, especially in complex or classified environments.
- Supply Chain Agility: Navigate federal logistics, manage just-in-time inventory, and respond quickly to urgent needs, reducing supply chain fragility.
- Contracting & Compliance Expertise: Interpret and adapt OEM terms to meet FAR requirements, accept flow-downs OEMs may reject, and reduce acquisition risk.
- Market Access & Pricing Leverage: Consolidate buying power to secure volume discounts and preferred pricing tiers, sometimes beating direct OEM pricing – particularly when OEMs lack direct government sales infrastructure.
- Small Business Participation: Many VARs are small or veteran-owned firms, supporting the governmentwide small business goals assigned to each federal agency.
- Customization & Specialized Bundling: Bundle products with niche software, hardware, and custom configurations not directly supported by OEMs – such as

DOD-specific embedded solutions from electronics manufacturers integrated with OEM technologies.

- Post-Award & Warranty Support: Manage Return Merchandise Authorizations (RMAs), warranties, license renewals, and serve as a single point of contact, saving agencies time and resources.

Unlike traditional resellers that merely facilitate transactions, ITVARs actively enhance the value of technology products, creating a service-based economy that extends far beyond the initial sale, bridging the gap between manufacturers and end-users and translating complex technologies into practical, revenue-generating solutions for businesses. These companies deliver capabilities that extend far beyond product sales – offering critical services, compliance expertise, and market access that strengthen the federal IT supply chain and directly support mission success.

A Call for Collaboration

While the Coalition agrees with many of the efforts by the Administration to streamline federal buying practices and revamping regulations that cost the buyers and sellers in the federal marketplace time and money, we believe the process to achieve those savings should be carefully considered with industry consultation. GSA's OneGov strategy is an example of the importance of understanding the complex IT infrastructure present in federal agencies. As GSA moves to consolidate IT buying under OneGov, ITVARs should be an important part of the discussion and the solution to achieving cost savings and modernization of IT purchases.

Congress should help facilitate these efforts, given its oversight of small business contracting laws and the Small Business Administration (SBA). Small businesses, such as ITVARs, play an important role in assisting federal agencies meet small business goals set in statute. Socioeconomic contracting programs provide much needed resources and opportunities to 60,000 small business contractors nationwide, strengthening the industrial base. We ask the Congress to protect the role of small contractors considering major changes proposed by federal agencies.

Testimony for the Record

The Montgomery County Chamber of Commerce (MCCC)
GovConNet Council

House Committee on Small Business
Subcommittee on Contracting and Infrastructure Hearing

"Leveling the Playing Field: Fostering Opportunities for Small Business Contractors"

September 10, 2025

The Honorable Nick LaLota
Chair
House Committee on Small Business
Contracting and Infrastructure Subcommittee
U.S. House of Representatives
Washington, DC 20515

The Honorable Gil Cisneros
Ranking Member
House Committee on Small Business
Contracting and Infrastructure Subcommittee
U.S. House of Representatives
Washington, DC 20515

Dear Chairman LaLota, Ranking Member Cisneros, and Members of the Subcommittee,

The Montgomery County Chamber of Commerce (MCCC) GovConNet Council is pleased to submit the following testimony for the record. The Chamber would like to thank the Committee for its efforts to support small business contractors and holding this important hearing.

Montgomery County has the second highest total number of small businesses engaged in federal contracting in the country, creating tens of thousands of local, federal contracting jobs. A champion of federal procurement policy initiatives. MCCC's GovConNet Council promotes policies beneficial to federal contractors with an emphasis on small and midsize companies. Comprised of government contracting industry experts, the Council has worked extensively to move forward sound legislation and policies that are crucial to the success of the government contracting community. Below are policy changes we believe will greatly strengthen the industrial base and ensure maximum participation of small businesses.

Create A More Favorable Environment for Small Business Federal Contractors

Promote Accountability, Transparency, and Best Practices in Subcontracting

We believe that the government must work to promote accountability, transparency, and best practices in subcontracting. Amid a decline in awarding direct contracts and contract consolidation, it only makes sense that subcontracting is one of the best opportunities for small businesses to enter and grow in the federal market. The industrial base has significantly decreased over the past ten years – a 40% decline in the number of small businesses receiving prime contract awards. The strength of the industrial base is a concern to the entire federal contracting community, as well as civilian and defense agencies. Since the government does not have a relationship with subcontractors, small businesses have very little leverage to remedy this problem.

We believe Congress should adopt changes to the subcontracting ecosystem to expand the importance of subcontracting plan performance in agency evaluation of offerors and make

subcontracting plan performance, a more important factor in winning future work. Passed by the House in the 117th Congress, H.R. 7694, *Strengthening Subcontracting for Small Businesses Act of 2022*, contained key changes to ensure subcontractor success. We urge reintroduction of this important bill in the current Congress.

Codify the Rule of Two to Include Contracts above the Simplified Acquisition Threshold

We believe it is time for Congress to amend the Rule of Two to increase contracting opportunities for small businesses. We support H.R. 2804 and S. 2656, which codify the Rule of Two above the simplified acquisition threshold.

The Rule of Two is a cornerstone of small business contracting. It requires agencies to reserve contracts for small businesses whenever at least two can perform the work at a fair price. The courts have been unequivocal in affirming this standard, most notably in *Kingdomware Technologies, Inc. v. United States* and *Tolliver Group, Inc. v. United States*. In *Tolliver*, the Court of Federal Claims made clear that the Rule of Two applies to all acquisitions above the simplified acquisition threshold (SAT) of $250,000. Yet current statute limits its application to procurements between the $10,000 micro-purchase threshold and the SAT. This misalignment is significant: each year agencies award over 100,000 contracts above the SAT. Without consistent application of the Rule of Two, thousands of opportunities that should be set aside for small businesses risk being lost.

Congress should act to resolve this inconsistency. Updating 15 USC §644(j), §644(r), and §657s(a) to reflect judicial precedent will strengthen small business participation in the federal marketplace, create more competition, and ensure agencies are meeting both the letter and spirit of the law.

Eliminating the restriction that limits the Rule of Two to contracts under $250,000 would require agencies to conduct the same market research for all procurements above the micro-purchase threshold. Agencies are already well-versed in performing such research, so this expansion would not create an undue burden on the acquisition workforce. Aligning the statute with established court rulings would give small businesses greater access to federal contracts, fostering innovation and providing federal buyers with enhanced flexibility.

Modernize Sole Source Thresholds

The Chamber supports ongoing Congressional efforts to raise all sole source thresholds to $10 million and eliminate inclusion of option years, which would allow these amounts to be awarded each year. As government buying continues to trend toward buying through large contracting vehicles, recently reiterated by the FAR rewrite effort, and moving away from direct contracts, the ability for small companies to win sole source awards is more crucial than ever. The Chamber supports eliminating option years for sole source contracts instead of over the life of the contract.

We note an amendment to the House FY 2026 National Defense Authorization Act (NDAA), offered by Rep. Velázquez, proposed to make this much needed change.

Increase Utilization of Small Businesses to Counteract the Impact of Category Management

The Chamber also continues the effort to minimize the negative impacts of category management on small businesses. The overall number of small business vendors receiving awards for common products and services declined from 95,000 businesses in FY 2016, when category management began to be implemented, to 79,000 in FY 2019.[1] In FY 2024, only 5% of small business vendors were awarded best-in-class contracts.[2] According to Bloomberg Government. the count of active federal prime contractors fell 17.5% from 123,790 in FY 2016 to 102,047 in FY 2020. The Chamber remains dedicated to finding opportunities that ensure maximum participation of small businesses.

As GSA implements its OneGov initiative, it is important to ensure it does not become a more restrictive version of category management. While category management was intended to streamline procurement, in practice it has often limited opportunities for small and midsize businesses by consolidating buying power into fewer contract vehicles. If OneGov follows the same path – centralizing requirements and narrowing access – it risks amplifying these barriers. Instead, OneGov should prioritize transparency, broaden entry points for small businesses, and focus on simplifying acquisition processes without constraining competition.

While these proposals only tackle certain components of our procurement system, we believe they are necessary steps to strengthen the small business industrial base. Increased resiliency of small businesses benefits both taxpayers and the federal government, while supporting the job creators and critical employers across our country. We are eager to continue our work with the Committee to address these issues and look forward to working together to achieve solutions that will strengthen the industrial base.

Thank you for your continued commitment to the small business contracting community. Should you or your team have any questions or would like additional information, please do not hesitate to contact me at 301-738-0015 or by email at bashe@mcccmd.com.

Sincerely,

Barbara Ashe

Barbara Ashe, Executive Vice President
Montgomery County Chamber of Commerce

[1] https://www.gao.gov/assets/gao-21-40.pdf
[2] https://d2d.gsa.gov/report/small-business-dashboard

PLANATE
MANAGEMENT GROUP
CORNERSTONE FOR SERVICE, INTEGRITY, AND INNOVATION

Testimony for the Record
On Behalf of Planate Management Group
House Committee on Small Business Subcommittee on Contracting and Infrastructure
"Leveling the Playing Field: Fostering Opportunities for Small Business Contractors."
September 10, 2025

The Honorable Nick LaLota
Chairman, Subcommittee on Contracting and Infrastructure
House Committee on Small Business
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Gil Cisneros
Ranking Member, Subcommittee on Contracting and Infrastructure
House Committee on Small Business
U.S. House of Representatives
Washington, D.C. 20515

Planate Management Group thanks the Subcommittee Chair and Ranking Member for holding the aforementioned hearing. We are a Service-Disabled Veteran-Owned Small Business (SDVOSB), founded in November of 2007 in Virginia. Our expertise is in Planning, Architectural and Engineering (A/E) Design Services, Engineering Support Services, and Environmental Services with significant federal and Department of Defense (DOD)-related work being conducted for commercial and U.S Government clients worldwide. We have seven offices worldwide with our headquarters in Alexandria, Virginia. Our primary NAICs code is 541330 (Engineering Services).

TOP ISSUES and CONCERNS

Indefinite Delivery Indefinite Quantity (IDIQ) contracts - Recertification

The majority of the contracts within our NAICs code are structured as IDIQ or Multiple Award Contracts (MACs) which normally have a five-year period of performance. A shorter recertification period as a small business instead of annually could force a small business to lose task orders (work) on that contract before the end of the five years. This could disqualify a small business before the end of a five-year contract. A longer recertification period would allow for enough time to grow and then compete for unrestricted IDIQ/MAC contracts.

Allowing small companies to complete the entire five-year period of performance under their IDIQ contracts before transitioning to a large or unrestricted MAC provides essential time for growth and development. If this opportunity is cut short by premature recertification requirements, small businesses risk losing critical revenue streams and may even face the possibility of reverting to small business status, rather than successfully graduating to compete as a larger enterprise.

We agree that after becoming a large business (based on NAICs codes) small businesses would not be eligible to bid on any new small business IDIQs, MACs or single award contracts.

These proposed and recently published FAR rules disincentivize small businesses to become large businesses, whereas all these programs are meant to encourage and enable them to grow out of their 'small' status.

Mentor Protégé Program/Joint Ventures

We do not support the implementation of *stricter* Mentor-Protégé and Joint Venture rules such as enforcing a minimum work share of 40% for the managing partner (protégé), eliminating price preference loopholes, reducing size standards, increasing agency discretion in past performance evaluations, or closing the 10% price preference loophole for JVs with large mentors.

- The Mentor-Protégé Programs (MPPs) serve as the critical avenue by which small businesses grow into large ones and again enable them to compete with large businesses. Imposing stricter rules would limit the ability of a small business to leverage their past performance gained via an MPP, undermining the program's core purpose of helping small businesses develop and compete as larger entities.

FAR Part 19 & Federal Goals

The current SDVOSB goal is 5%. We support a change back to 15%, as there is no data to support a decrease to 5% and this would severely impact the number and scope of small business opportunities.

Executive Order 14151 intended to decrease the small disadvantaged business (SDB) goal from 15% to 5%. The order requires ending DEI and equity initiatives "to the maximum extent allowed by law," but it cannot legally eliminate the statutory small business contracting preferences such as the 5% SDB requirement.

The SBA's FY2025 procurement goals reverted the goal to 5%, the statutory floor, from the previous higher goals of 15%, set during earlier administrations.

This reduction likely means fewer contracts reserved specifically for SDBs and increasing competition for these contracts by non-SDB companies. We do not support this reduction to 5%.

NAICs Code Size Standards

We strongly support raising size standards to account for inflation and growth. We encourage you to propose an additional 10% increase to enable small businesses to more easily compete with large businesses once they exceed the maximum size standard for their NAICs code. Why…because small businesses are not trying to compete with just multimillion dollar companies ($100M or less) but billion-dollar companies now.

Small businesses have another graduation challenge in becoming a non-small size business because there is no 'medium' set aside. Increasing the standards, both size and monetary (revenue) ones, give more 'runway' for small businesses to transition to large businesses.

Codification of the "Rule of Two"

We strongly support your proposed amendment to codify the "Rule of Two" for small businesses and threshold increases for sole source awards up to $10 million. Without this rule, it would limit the ability of qualified small businesses to compete against large ones for government contracts.

CMMC 2.0.

The cost of complying with CMMC certification requirements is cost prohibitive for small businesses, particularly for achieving levels 2 or greater. We support Small Business Administration (SBA), DOD, or Internal Revenue Services (IRS) action to assist in any manner to minimize, simplify or monetarily assist small businesses in meeting their mandated certification level.

SBA certification requirements, Sole Source awards and Acquisition Thresholds

We agree with the following new rules.

a. The FAR rules now require that SDVOSB firms must be officially certified by the SBA through the Veteran Small Business Certification (VetCert) Program to be eligible for sole source and set-aside contract awards. Self-certification is no longer accepted for sole source awards on any federal contract. SDVOSB sole source contracts will only be awarded to firms certified by the SBA, self-certified firms are excluded. Contracting officers must verify SDVOSB status in the System for Award Management (SAM) as SBA-certified before awarding a sole source contract.

b. Contracting officers are now required to consider sole source SDVOSB awards before other set-asides, provided there are not two or more eligible SDVOSBs able to compete and the contract does not exceed set thresholds.

c. FAR rules adjusted certain acquisition thresholds for contracts awarded to small businesses by raising sole source thresholds to $10 million for all set-asides both manufacturing and non-manufacturing thresholds and raises the SDVOSB sole source thresholds from $7 million to $10 million and the non-manufacturing threshold from $3 million to $8 million.

Recertification Rule Changes – Mergers and Acquisitions

The new SBA recertification rule (13 C.F.R -125.12; effective Jan 2025) adversely impacts larger small businesses, particularly in the context of mergers and acquisitions (M&A), by limiting their ability to retain eligibility for set-aside orders under MACs after a disqualifying recertification.

Prior Rule: Sizes for IDIQ MACs were determined at the time of the initial offer for the contract, not at the end of the base period, unless a contracting officer requested recertification for a specific order.

New Rule: Recertification is event-driven (e.g., M&A, long-term contract milestones) rather than annual. The rule's focus is on the consequences of a disqualifying recertification, not a shift to annual recertification.

We disagree that recertification shall be required within 30 calendar days of a merger, acquisition, or sale resulting in a change in controlling interest, including changes involving affiliates or joint venture partners. This does not allow enough time for a small business to react.

We disagree with the following constraints because of a Disqualifying Recertification:

a. Multiple Award Contracts (MACs): A small business with a disqualifying recertification (e.g., becoming "other than small" due to a merger or acquisition with a large business) is ineligible to receive new set-aside orders or options under set-aside MACs. This applies to both restricted and unrestricted MACs. However, the contractor remains eligible for unrestricted orders if allowed under the MAC. Many contracts in our NAICs code are in IDIQ/MAC contracts which normally have a five-year period of performance. Annual recertification will allow for enough time to join unrestricted IDIQ/MAC contracts.

b. GSA/FSS Schedule Contracts: A disqualifying recertification immediately renders a contractor ineligible for set-aside orders or Blanket Purchase Agreements (BPAs) under GSA Schedules, effective January 16, 2025. This eliminates a prior exception that allowed continued eligibility for such orders based on the size status at the time of the master contract award.

c. We disagree with the following pending proposal. If a merger, acquisition, or sale occurs within 180 days of offer submission but before award, a disqualifying recertification renders the contractor ineligible for the award. We believe this is too stringent. If the transaction occurs after 180 days but before award, the contractor remains eligible for single-award contracts but not for MACs.

We agree with the One-Year Grace Period for MACs. The SBA delayed implementation of the recertification rule's impact on set-aside MACs until January 17, 2026. This means that a disqualifying recertification due to a merger, acquisition, or sale occurring before January 17, 2026, does not affect eligibility for orders or options under existing set-aside MACs. However, agencies cannot count these orders toward their small business goals after the recertification. This grace period does not apply to GSA Schedule contracts, where the rule took effect immediately on January 16, 2025.

We agree with the exception for Mergers Between Small Businesses. If two small businesses merge or one acquires the other, and the resulting entity no longer qualifies as small, the contractor remains eligible for orders under existing set-aside MACs. However, these orders cannot be counted toward agency small business goals.

We agree with the Natural Growth Exception. If a business becomes large due to natural growth (not due to a merger or acquisition), it remains eligible for orders or agreements under MACs unless a contracting officer specifically requests recertification.

We agree with the following Protests and Size Determinations rules. The rule allows MAC holders, contracting officers, or the SBA to file size protests or request formal size determinations to challenge a contractor's recertification in connection with a merger, acquisition, or sale. This increases oversight and potential litigation risks.

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Very Respectfully,

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Testimony for the Record

On Behalf of
The Women's Procurement Circle

House Committee on Small Business Contracting and
Infrastructure Subcommittee

"Leveling the Playing Field: Fostering Opportunities for
Small Business Contractors"

September 10, 2025

The Women's Procurement Circle (WPC) submits the following testimony for the record for the hearing "Leveling the Playing Field: Challenges Facing Small Business Contracting."

The WPC advocates for policies that strengthen women-owned companies that do business with the federal government. Women fought for 11 years to get the women-owned small business (WOSB/EDWOSB) federal contracting program in place, and an additional two years to secure sole source authority for the program. Yet, the federal government has only met its 5% goal for contracting to women twice since the goal was established in 1994. Increasing federal contract awards to women-owned businesses requires advocacy and education.

The Circle provides a much-needed place where women contractors can participate in growing their federal contracting businesses, become advocates for regulatory and legislative changes, and participate in a nationwide network of successful women business owners. With respect to policy, Congress can assist women in being more successful in securing government contracts by adopting several key changes. The WPC suggests the following actions:

Increase Awards to Women-Owned Businesses

The federal government put in place a goal of awarding 5% of all contract dollars to WOSBs. Although the Women Owned Small Business (WOSB) procurement program was implemented in 2011, the government has only met this goal twice – many federal agencies simply do not utilize the program. According to the most recent SBA scorecard the government missed its five percent contracting goal achieving 4.97% of eligible prime contracting dollars in FY2024. Only $2.2 billion came through the WOSB set-aside program while the rest came through awards that are not restricted to WOSBs, but the awardee happened to be a WOSB.[1] This practice is known as "double counting."

Increasing federal contracts to WOSBs results in creating a more dynamic and resilient industrial base, of which these firms are an important part. We note that Congress has raised other socioeconomic goals and ask Congress to raise the WOSB goal accordingly. WPC believes a guiding principle in federal contracting is to create parity among all socioeconomic groups codified into law. Congress, the SBA and federal agencies, and women-owned businesses must work together to increase contracts awarded to women through this program.

[1] https://www.sba.gov/federal-contracting/contracting-data/small-business-procurement-scorecard/scorecard-details

Expand Sole Source Contract Opportunities for Women-Owned Businesses

As government buying continues to move away from direct contracts to small companies and into large contracts, the authority contained in the WOSB program to award sole source contracts is imperative. The most recent action to require agencies to buy through large contract vehicles was contained in the FAR rewrite which prioritizes agencies to buy from Best in Class (BIC) vehicles. In FY2024, only 5% of small business vendors were awarded best-in-class contracts.[2]

Due to the growing popularity of category management, the government has begun to favor large, long-term contracts, in lieu of smaller, direct contracts. For example, Best in Class (BIC) contract spending totaled a record $57.3 billion in FY2023, up over 95% since FY2016.[3] These long-term governmentwide contracts require substantial resources to bid and win task orders, creating a barrier to entry for many innovative small businesses to enter or remain competitive in the federal marketplace.

There have been numerous attempts to raise sole source thresholds for WOSBs and all small business categories since 2019, yet all unsuccessful. We applaud these efforts from both sides of the aisle. Sole source authority continues to be an important tool contracting officers should use to award more work to WOSBs, especially as an increase in contract consolidation will decrease the number of contract opportunities.

Eliminate Self-Certification in the Women-Owned Small Business Program

The government has rarely met its goal for contract awards to women-owned firms, so self-certification is clearly not working. Eliminating self-certification for the WOSB program at the Small Business Administration (SBA) and requiring self-certified women-owned companies to apply for certification through the SBA will increase the integrity of the program and assure federal buyers that these companies are ready to do business. Legislation introduced last Congress from Ranking Member Velázquez, H.R. 7105, *WOSB Certification and Opportunity Expansion Act,* removed self-certified WOSB firms from inclusion in the SBA small business contracting scorecard. We applaud this legislation and encourage the Committee to move the bill forward this Congress.

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[2] https://d2d.gsa.gov/report/small-business-dashboard
[3] BGOV Contract Profile, Best-in-Class Solutions, Maika Ito, Analyst, March 20, 2024.

Create An Economically Disadvantaged Women-Owned (EDWOSB) Small Business Goal

Despite the difference in requirements to participate in the WOSB and EDWOSB programs, there is not a dedicated contracting goal on SBA's procurement scorecard for EDWOSBs. To be eligible for participation in the EDWOSB program, participants must meet income and net worth requirements. Given the decline in the industrial base, the government is rightfully seeking ways to encourage new entrants into the federal market. Increasing awards to EDWOSBs would encourage additional firms to enter the federal marketplace, incentivizing federal agencies to maximize the utilization of these firms. Further, the SBA should consider devising a program to give EDWOSB the same kind of business development assistance and tools available to individually-owned 8(a) companies. The hallmark of the 8(a) program is its success in assisting economically disadvantaged businesses to grow through the tools and assistance given through the program. EDWOSB companies would benefit from similar resources.

Expand the Rule of Two to Include Contracts Above the Simplified Acquisition Threshold

The industrial base has significantly decreased over the past ten years – a 40% decline in the number of small businesses receiving prime contract awards. The strength of the industrial base is a concern to the entire federal contracting community, as well as civilian and defense agencies. We believe it is time for Congress to amend the Rule of Two to increase contracting opportunities for small businesses.

The Rule of Two was created to support the ability for small businesses to compete for federal contracts. The rule requires all federal agencies to determine if there are at least two small businesses that could do the work for a fair price, and if so, the acquisition must be set-aside for small businesses to compete. This rule has been confirmed by the courts in several cases, including *Kingdomware Technologies, Inc., v. United States* and *Tolliver Group, Inc., v. United States*.

In the *Tolliver Group, Inc., v. United States* decision, the Court of Federal Claims affirmed that agencies are required to apply the Rule of Two in all federal acquisitions over the simplified acquisition threshold (SAT) of $250,000. This ruling is not reflected in current law, which states that the Rule of Two only applies to acquisitions above the micro-purchase threshold, $10,000, but not greater than the SAT. In FY2022, the federal government awarded approximately 120,000 contracts over the SAT. Given such a large number of contracts above this threshold, it is critical to ensure that agencies are properly applying the Rule of Two, which could lead to increased

small business set-asides. About 40%, or $10 billion annually, of Simplified Acquisition obligations are 'Other Than Small Business.'[4]

While the Rule of Two has been confirmed by the courts, we believe legislative changes should be made to bring acquisition rules and court rulings into agreement. The 15 USC §644(j) Small business reservation, 15 USC §644(r) Multiple award contracts, and 15 USC §657s(a) should be changed to reflect judicial rulings.

Further, the ongoing FAR overhaul represents one of the most significant efforts in recent years to modernize and streamline the federal acquisition system, making procurement more efficient, transparent, and aligned with today's contracting landscape. A critical component of this modernization is ensuring that small businesses continue to have fair access to federal contracting opportunities, which is why codifying the Rule of Two through H.R. 2804, *Protecting Small Business Competitions Act of 2025*, is so important. Congress can strengthen small business participation and reinforce the government's longstanding policy of using federal procurement as a tool for economic growth and opportunity.

Congress continues to require federal agencies to buy from small businesses. Since over 90% of all women-owned businesses are small, women are considered major stakeholders in these policy actions. As federal agencies award less direct contracts in favor of large contracting vehicles, women are largely left behind. Congress and federal agencies should take additional steps to support women-owned companies across our industrial base.

Thank you for your consideration of this testimony.

[4] SAM.gov Data Analyzed by The Pulse of GovCon

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