

Congress of the United States
U.S. House of Representatives
Committee on Small Business
2361 Rayburn House Office Building
Washington, DC 20515-6515

April 9, 2025

The Honorable Kelly Loeffler
Administrator
U.S. Small Business Administration
409 3rd Street, SW
Washington, DC 20416

Mr. Stephen Ehikian
Acting Administrator
General Services Administration
1800 F Street, NW
Washington, DC 20405

Dear Administrator Loeffler and Acting Administrator Ehikian:

I am writing to express my concerns, and share those I have heard from the small business government contracting community, about potential changes to the federal government's procurement regulations and the impact on small business participation in the industrial base.

It is my understanding that the General Services Administration (GSA)—working with and potentially through the Federal Acquisition Regulatory Council (FAR Council)—has initiated a process to review all regulations, including those prescribed in the Federal Acquisition Regulation (FAR).¹

The Small Business Committee is particularly interested in your reviews and follow-on actions that will impact a small business's ability to compete for federal contracting opportunities. Well thought-out efforts to streamline and simplify specific requirements for government contractors of all sizes, including and especially small businesses, would be well received. Efforts to limit contracting opportunities and small business competitions would not. These established requirements are a recognition that if small businesses are required to compete with the large corporations that make up the industrial base, they would be unable to successfully enter, compete and remain in the federal marketplace.

Too frequently, well-intended reforms have imposed harmful and unintended consequences on small business government contractors. Many times, these consequences could have been foreseen and proactively addressed if the voices of small businesses had been represented during the decision-making process. The representation, input, and visibility of small firms as procurement policies are developed is critical to ensure that they can compete for federal contracting opportunities and enter or remain in the industrial base.

¹ Exec. Order No. 14219 (Feb. 25, 2025); and Press Release, General Services Administration, Acting Administrator Stephen Ehikian, My Vision for GSA (Mar 25, 2025), <https://www.gsa.gov/blog/2025/03/25/my-vision-for-gsa>.

For example, the data shows that while the dollar value of contracts awarded to small businesses continues to increase year-over-year, the number of small businesses in the government's ecosystem has been cut almost in half.² Many stakeholders regularly testify before the Committee that the shrinking of the small business industrial base can be directly attributed to, or at a minimum is accelerated, by Category Management, and similar policies that put many contracts out of reach for small businesses.³

These consequences may have been unintentional, but that matters little to the small businesses shut out of the federal market and the government agencies that lose the innovation, talent, and solutions they brought to support agency mission-needs as a result.

Despite these well documented, demonstrable, and negative impacts for small businesses, this Administration appears to be moving even more spending under Category Management⁴—continuing the trend of administrations imposing large scale policy changes with limited small business input, but massive small business impact. This decision, and reports the Committee has received detailing GSA-drafted changes to small business competitions, warrants skepticism and oversight of any proposals made behind closed doors.

I am therefore seeking information on the criteria established to conduct reviews of regulations or FAR provisions; the involvement of small businesses, their stakeholders, and the Small Business Administration (SBA); and the mechanisms in place to preemptively identify and address any issues that will intentionally or otherwise limit small business competition and opportunities.

Since the Executive Order directs federal agencies to review regulations for “consistency with law and Administration policy,”⁵ I’d like to highlight that the Small Business Act states that the Nation’s “*security and well-being cannot be realized unless the actual and potential capacity of small business is encouraged and developed.*” It continues to say that small businesses “*shall have the maximum practicable opportunity to participate in the performance of contracts let by any Federal agency,*” and be awarded a “*fair proportion of the total purchases and contracts for goods and services of the Government...*”⁶

These small business laws have not changed, I hope the Administration’s policy toward small businesses has not either. Accordingly, I respectfully request you provide answers to the questions below, in written form or via briefing, by April 30, 2025:

² Under the Microscope: Reviewing the SBA’s Small Business Size Standards. Hearing before the H. Comm. on Small Business, 118 Cong. (2024)

³ The Impact of Category Management on the Small Business Industrial Base. Hearing before the H. Comm. on Small Business, 115 Cong. (2018).

⁴ Exec. Order No. 14240 (Mar. 25, 2025).

⁵ Exec. Order No. 14219 (Feb. 25, 2025).

⁶ 48 C.F.R. §19.201

1. What criteria have been established to conduct the review of regulations or FAR provisions? For example, are reviews assessing individual regulations, or are regulations or FAR provisions grouped for review by statutory versus non-statutory origin, by issue or topic, by FAR Part, etc.?
2. Have you established different processes or criteria for conducting reviews of regulations or FAR provisions based on their direct or indirect impact on small businesses?
3. What criteria, if any, have been established to review the impact of regulations or FAR provisions on small businesses? For example, how do the criteria assess the impact on an individual small business's ability to access federal contracting opportunities versus the impact overall of small business participation in the industrial base?
4. Are regulations or FAR provisions that were implemented to conform to small business regulations reviewed differently?
 - a. If so, what criteria have been established and/or guidance issued for regulations or FAR provisions based on existing Small Business Administration regulations?
 - b. If small business procurement provisions are removed from the FAR, please provide the mechanism by which the requirements of 13 CFR §125 will be included in an agency's procurement processes and contract actions?
5. What criteria are applied to reviews of regulations specific to or impacting Part 19?
 - a. Has a specific agency or department, Council, or FAR Team been assigned to review Part 19?
 - b. Similarly, has a specific agency or department, Council, or FAR Team been assigned to review regulations or requirements on small businesses directly and indirectly?
 - c. What criteria are applied to reviews of other regulations specific to or impacting small business contracts, including the acquisition planning and bundling and consolidation provisions in Part 7?
6. What is the current role of the Civilian Agency Acquisition Council (CAAC), the Defense Acquisition Regulations Council (DARC), and the Acquisition Small Business FAR Team in the review process?
7. How has GSA, the FAR Council, or SBA defined "*significant economic impact*" or "*substantial number of small business entities*" for the purposes of compliance with the Regulatory Flexibility Act?
8. To what extent has SBA been involved in the review of regulations or FAR provisions that directly or indirectly impact small businesses? Please disaggregate by reviews associated with regulations of FAR provisions in general, those related to Part 19, or those specific to conforming regulations based on SBA rules.

9. What mechanisms are in place to receive, consider, and track SBA’s feedback on proposed changes?
10. What outreach has been conducted to small businesses and stakeholders regarding the review of regulations or FAR provisions, and the impact on small business government contractors?
 - a. What mechanisms are in place to receive, consider, track, and respond to stakeholder feedback on proposed changes?
 - b. Has outreach been directed towards small businesses that participate in SBA’s contracting programs or their trade associations and other stakeholders?
 - c. What stakeholders have been consulted and provided feedback during your review thus far?
 - d. Are there plans for greater small business stakeholder involvement, participation, and input during the review or development of changes to Part 19 or other small business-related provisions?
 - e. Are there plans for greater small business stakeholder involvement, participation, and input on any changes to procurement regulations that may not appear specific to small businesses but will disproportionately impact small businesses?

Additionally, if your reviews and follow-on actions make a distinction between statutorily established requirements and non-statutory requirements, please provide a list of FAR provisions impacting small businesses that fall into each category and a description of how each was determined. As you are aware, many FAR provisions have a direct counterpart in statute and/or SBA regulations with clear legislative origins. SBA and the FAR Council regularly provide a level of detail not prescribed in the legislation to allow for clarity, flexibility, and workability while conforming to both the letter and intent of the law.

Finally, we are requesting information on the process and timelines moving forward with potential changes, including how the administration will obtain public comment. While federal regulations prohibit an effective day that is less than 60-day date after publication of the comment period,⁷ we are hopeful that you will view these deadlines as a floor and ensure that small businesses are provided maximum opportunities to review and comment on proposed changes—and that those comments will be reviewed and incorporated into your final product. In addition to lacking the size and scale of the large corporations that make up the industrial base, small businesses also do not have a similar army of lawyers and lobbyists to review large-scale changes to complex procurement policies.

Pursuant to Rule X of the House of Representatives, the Committee on Small Business has broad authority to investigate “problems of all types of small business.” The Committee possesses jurisdiction over “assistance to and protection of small businesses.”

⁷ 41 U.S. Code § 1707.

I appreciate your time and attention to this matter, and look forward to your response. If you have any questions, please contact the Committee's Democratic staff at (202) 225-5821.

Thank you,

A handwritten signature in blue ink, appearing to read "Nydia M. Velázquez". The signature is fluid and cursive, with the first name "Nydia" and the last name "Velázquez" being the most prominent parts.

Nydia M. Velázquez
Ranking Member
Committee on Small Business