

Testimony of Dorothy Callahan
President, D Callahan LLC

Before the
House Committee on Small Business Subcommittee on Contracting and
Infrastructure

“Helping Small Businesses Compete: Challenges and Opportunities in
the Federal Procurement Marketplace”

July 16, 2019

Chair Golden, Ranking Member Stauber, and Members of the Subcommittee, my name is Dorothy Callahan and I am the President of D Callahan LLC, as well as a Member of the Montgomery County Chamber of Commerce's GovConNet Council. Thank you for inviting me to testify.

A little background on why I am I am testifying today. I have spent my career working at large prime contractors as a Small Business Program Manager and Strategic Partnerships Director. In these roles, I have been responsible for many aspects of successfully working with small businesses. This includes fostering strategic relationships with internal program deal teams and potential partners, mentoring small businesses for success in the public sector and identifying partnerships to fill key capability gaps while ensuring customer and mission success – just to name a few. I worked with small businesses at trade shows and other conferences to promote and identify teaming partners during my tenure at these large firms.

In my role as Small Business Program Manager/Small Business Liaison Officer for a large prime's Global Business Services (GBS) Federal Practice, I was responsible for technical, professional and administrative duties to ensure proposal support, contract compliance, and reporting as defined in the government Federal Acquisition Regulations (FAR). I spent a lot of time ensuring meticulous compliance with our small business partners. I also served as a central liaison with the Office of Small and Disadvantaged Business Utilization (OSDBU) offices throughout the federal government agencies and developed mentor protégé agreements across civilian agencies.

My past positions gave me a unique perspective – understanding the needs and challenges of both prime and small business contractors in the federal marketplace. Based on

my experience, I would like to make a few recommendations to the Committee about changes that can be made to allow small businesses contractors to be more successful in the acquisition landscape.

The first issue I'd like to address is small business subcontracting plans. One of my many roles at my past companies was to plan, organize and coordinate the small business program, as well as make recommendations for input to the corporate strategic approach that would maximize corporate resources to enhance program efficiency and effectiveness. I also assisted our small business liaison office, subcontract and program directors with the facilitation of small business goals and accomplishments. Therefore, I spent many years facilitating and managing subcontracting plans – which includes being an advocate for our teaming partners internally. This gave me unparalleled insight into issues with these plans faced by both primes and small businesses. One of the changes that I believe would improve subcontracting for small businesses is to require the identification of small businesses listed in subcontracting plans. Currently, when prime contractors submit a proposal, there is no requirement to list the small businesses on the team. Instead, the submission lists the type of service that is going to be outsourced to small businesses and the socioeconomic status (WOSB, HUBZone, 8(a), SDVOSB) of the small businesses on the proposal. It takes a lot of time and money for both the prime and small businesses to coordinate on responding to a solicitation. Therefore, if the prime wins the contract with a small business listed on their team, the small business should be utilized. By listing the small businesses by name, it will allow contracting officers to more successfully evaluate a prime's progress on meeting their subcontracting plan goals.

Secondly, an important factor for prime contractors when submitting a proposal is their Contractor Performance Assessment Reporting System (CPARS) rating. In my previous roles, I coordinated and managed all corporate activities during the federal compliance reviews supporting audits by the Defense Contract Management Agency (DCAA) resulting in achievement of “exceptional” rating for my company. FAR Part 42.15 requires an annual past performance evaluation for primes, as well as interim evaluations at least every 12 months throughout the entire period of performance of the contract or order up to the final report.¹ Since this annual evaluation is required, I recommend that it should include an assessment of the prime’s subcontracting plans. This additional component of the evaluation would achieve two effects: allow oversight by contracting officers without additional burden and provide an opportunity for prime contractors to discuss their progress on meeting subcontracting goals.

When a prime contractor sets a subcontracting goal, they are required to show a “good faith effort” to meet it. The definition of this effort is ambiguous and can be interpreted loosely— much to the detriment of small businesses. Not all, but some large companies take advantage of this unspecified term, which leads to more of “checking the box” instead of working towards meeting the goals set forth in their subcontracting plans. This broad definition does not hold primes accountable for utilizing small businesses. Therefore, I support the Committee’s proposal that the good-faith standard should be removed and instead primes should be assessed on a pass/fail basis. This change would hold primes accountable for meeting their subcontracting goals. However, it is important that in this change the “fail” rating is

¹ Contract Performance Assessment Reporting System, <https://www.cpars.gov/pdfs/CPARS-Guidance.pdf> (last accessed July 10, 2019).

explicitly defined to avoid any confusion or ambiguity if a prime were to receive this rating.

Primes should also have the ability in this new system to resolve this issue with the contracting officer, since there are instances where meeting the goals is not possible.

Finally, OSDBUGs are incredible resources within agencies that advocate for small business contractors. In my role as the central liaison with the OSDBUG offices, I have seen their effectiveness firsthand. They should be empowered to be utilized as an additional resource to contracting officers to assist in subcontracting plan compliance and remediation.

In summary, I have dedicated my career to developing strong relationships with businesses in all socioeconomic categories to assist in strategic preparation for pursuit of opportunities and partnerships within the federal market. I believe the meaningful policy changes outlined in this testimony will lead to increased utilization of small businesses in the federal marketplace. Thank you for the opportunity to speak with you today. This concludes my testimony and I am happy to answer any questions.