



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.