

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.

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.

- **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