



Women Construction Owners & Executives, USA

www.wcoeusa.org

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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.