

To: The Honorable Nick LaLota
Chairman, Subcommittee on Contracting and Infrastructure
U.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)

This link here is a very good summary of what I feel is THE major problem small businesses have in today’s procurement environment – that of **Joint Venture favoritism. Mentor-protégé joint ventures (MPJVs) have taken over the world of set-aside Government-Wide Acquisition Contracts (GWACs).**

<https://www.mslaw.com/mslaw-blog/recent-court-ruling-already-reflected-in-gsas-oasis-solicitations>

In April 2023, the Court of Federal Claims issued a decision in the case SH SYNERGY, LLC. v. USA, No. 1:2022cv01466 - Document 45 (Fed. Cl. 2023). Among other things, the court found that GSA’s evaluation criteria violated the SBA’s mentor-protégé regulations in 13 CFR 125.8(e). **Since then, GSA has used evaluation criteria that favors joint ventures over other small-business concerns.**

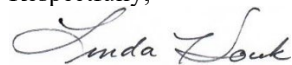
Notably what has been enacted is as Miles & Stockbridge state in the link above: **“Qualifying Projects submitted in the name of the protégé must only meet or exceed 50 percent of the minimum average annual value specified [for other small businesses] ...”**. This means protégés need only half the points required of small business concerns to beat out a non-JV small business concern. **The result is that a JV is now required in order to win an award on IDIQ set-aside vehicles.** This means small businesses cannot win on their own – they must Joint Venture.

The writeup in the link by Miles & Stockbridge also references CIOSP4, but the same thing also happened to the Department of Veteran’s Affairs Transformation Twenty-One Total Technology Next Generation 2 (T4NG2), with an SDVOSB set-aside. In the thirty (30) awards, only one SDVOSB won. All the other twenty-nine (29) awards were to SDVOSB Joint Ventures or large businesses, and of those large businesses, at least four received both the SDVOSB (as a JV) and Unrestricted awards. GSA’s OASIS+ also used the lower criteria for JVs, but in this situation there was no limit on the number of awards as long as a concern meets their minimum required point value.

Because of this inequality in awarding points in these solicitations, small businesses can no longer stand alone – they must Joint Venture. The intent of a JV is honorable, to provide mentorship to help a small business grow; in practice the mentor controls the work and gets the majority (up to 60%), while providing little to no actual mentoring.

Please remove the favored status of Joint Ventures. The purpose of small business set-asides is to give small businesses the opportunity to not compete against large companies. We, as small businesses, cannot compete against the large businesses that control the JVs.

Respectfully,



Linda Houk
CEO, Information Systems Solutions, Inc. (SDVOSB and WOSB)
and Director, Montgomery County Chamber of Commerce, Maryland (Board of Directors)