



Testimony for the Record

On Behalf of Planate Management Group

House Committee on Small Business Subcommittee on Contracting and Infrastructure

“Leveling the Playing Field: Fostering Opportunities for Small Business Contractors.”

September 10, 2025

The Honorable Nick LaLota

Chairman, Subcommittee on Contracting and Infrastructure

House Committee on Small Business

U.S. House of Representatives

Washington, D.C. 20515

The Honorable Gil Cisneros

Ranking Member, Subcommittee on Contracting and Infrastructure

House Committee on Small Business

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Planate Management Group thanks the Subcommittee Chair and Ranking Member for holding the aforementioned hearing. We are a Service-Disabled Veteran-Owned Small Business (SDVOSB), founded in November of 2007 in Virginia. Our expertise is in Planning, Architectural and Engineering (A/E) Design Services, Engineering Support Services, and Environmental Services with significant federal and Department of Defense (DOD)-related work being conducted for commercial and U.S Government clients worldwide. We have seven offices worldwide with our headquarters in Alexandria, Virginia. Our primary NAICS code is 541330 (Engineering Services).

TOP ISSUES and CONCERNS

Indefinite Delivery Indefinite Quantity (IDIQ) contracts - Recertification

The majority of the contracts within our NAICS code are structured as IDIQ or Multiple Award Contracts (MACs) which normally have a five-year period of performance. A shorter recertification period as a small business instead of annually could force a small business to lose task orders (work) on that contract before the end of the five years. This could disqualify a small business before the end of a five-year contract. A longer recertification period would allow for enough time to grow and then compete for unrestricted IDIQ/MAC contracts.

Allowing small companies to complete the entire five-year period of performance under their IDIQ contracts before transitioning to a large or unrestricted MAC provides essential time for growth and development. If this opportunity is cut short by premature recertification requirements, small businesses risk losing critical revenue streams and may even face the possibility of reverting to small business status, rather than successfully graduating to compete as a larger enterprise.

We agree that after becoming a large business (based on NAICS codes) small businesses would not be eligible to bid on any new small business IDIQs, MACs or single award contracts.



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These proposed and recently published FAR rules disincentivize small businesses to become large businesses, whereas all these programs are meant to encourage and enable them to grow out of their 'small' status.

Mentor Protégé Program/Joint Ventures

We do not support the implementation of *stricter* Mentor-Protégé and Joint Venture rules such as enforcing a minimum work share of 40% for the managing partner (protégé), eliminating price preference loopholes, reducing size standards, increasing agency discretion in past performance evaluations, or closing the 10% price preference loophole for JVs with large mentors.

- The Mentor-Protégé Programs (MPPs) serve as the critical avenue by which small businesses grow into large ones and again enable them to compete with large businesses. Imposing stricter rules would limit the ability of a small business to leverage their past performance gained via an MPP, undermining the program's core purpose of helping small businesses develop and compete as larger entities.

FAR Part 19 & Federal Goals

The current SDVOSB goal is 5%. We support a change back to 15%, as there is no data to support a decrease to 5% and this would severely impact the number and scope of small business opportunities.

Executive Order 14151 intended to decrease the small disadvantaged business (SDB) goal from 15% to 5%. The order requires ending DEI and equity initiatives "to the maximum extent allowed by law," but it cannot legally eliminate the statutory small business contracting preferences such as the 5% SDB requirement.

The SBA's FY2025 procurement goals reverted the goal to 5%, the statutory floor, from the previous higher goals of 15%, set during earlier administrations.

This reduction likely means fewer contracts reserved specifically for SDBs and increasing competition for these contracts by non-SDB companies. We do not support this reduction to 5%.

NAICs Code Size Standards

We strongly support raising size standards to account for inflation and growth. We encourage you to propose an additional 10% increase to enable small businesses to more easily compete with large businesses once they exceed the maximum size standard for their NAICs code. Why...because small businesses are not trying to compete with just multimillion dollar companies (\$100M or less) but billion-dollar companies now.

Small businesses have another graduation challenge in becoming a non-small size business because there is no 'medium' set aside. Increasing the standards, both size and monetary (revenue) ones, give more 'runway' for small businesses to transition to large businesses.

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Codification of the “Rule of Two”

We strongly support your proposed amendment to codify the "Rule of Two" for small businesses and threshold increases for sole source awards up to \$10 million. Without this rule, it would limit the ability of qualified small businesses to compete against large ones for government contracts.

CMMC 2.0.

The cost of complying with CMMC certification requirements is cost prohibitive for small businesses, particularly for achieving levels 2 or greater. We support Small Business Administration (SBA), DOD, or Internal Revenue Services (IRS) action to assist in any manner to minimize, simplify or monetarily assist small businesses in meeting their mandated certification level.

SBA certification requirements, Sole Source awards and Acquisition Thresholds

We agree with the following new rules.

a. The FAR rules now require that SDVOSB firms must be officially certified by the SBA through the Veteran Small Business Certification (VetCert) Program to be eligible for sole source and set-aside contract awards. Self-certification is no longer accepted for sole source awards on any federal contract. SDVOSB sole source contracts will only be awarded to firms certified by the SBA, self-certified firms are excluded. Contracting officers must verify SDVOSB status in the System for Award Management (SAM) as SBA-certified before awarding a sole source contract.

b. Contracting officers are now required to consider sole source SDVOSB awards before other set-asides, provided there are not two or more eligible SDVOSBs able to compete and the contract does not exceed set thresholds.

c. FAR rules adjusted certain acquisition thresholds for contracts awarded to small businesses by raising sole source thresholds to \$10 million for all set-asides both manufacturing and non-manufacturing thresholds and raises the SDVOSB sole source thresholds from \$7 million to \$10 million and the non-manufacturing threshold from \$3 million to \$8 million.

Recertification Rule Changes – Mergers and Acquisitions

The new SBA recertification rule (13 C.F.R -125.12; effective Jan 2025) adversely impacts larger small businesses, particularly in the context of mergers and acquisitions (M&A), by limiting their ability to retain eligibility for set-aside orders under MACs after a disqualifying recertification.

Prior Rule: Sizes for IDIQ MACs were determined at the time of the initial offer for the contract, not at the end of the base period, unless a contracting officer requested recertification for a specific order.

New Rule: Recertification is event-driven (e.g., M&A, long-term contract milestones) rather than annual. The rule's focus is on the consequences of a disqualifying recertification, not a shift to annual recertification.

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We disagree that recertification shall be required within 30 calendar days of a merger, acquisition, or sale resulting in a change in controlling interest, including changes involving affiliates or joint venture partners. This does not allow enough time for a small business to react.

We disagree with the following constraints because of a Disqualifying Recertification:

- a. **Multiple Award Contracts (MACs):** A small business with a disqualifying recertification (e.g., becoming “other than small” due to a merger or acquisition with a large business) is ineligible to receive new set-aside orders or options under set-aside MACs. This applies to both restricted and unrestricted MACs. However, the contractor remains eligible for unrestricted orders if allowed under the MAC. Many contracts in our NAICS code are in IDIQ/MAC contracts which normally have a five-year period of performance. Annual recertification will allow for enough time to join unrestricted IDIQ/MAC contracts.
- b. **GSA/FSS Schedule Contracts:** A disqualifying recertification immediately renders a contractor ineligible for set-aside orders or Blanket Purchase Agreements (BPAs) under GSA Schedules, effective January 16, 2025. This eliminates a prior exception that allowed continued eligibility for such orders based on the size status at the time of the master contract award.
- c. We disagree with the following pending proposal. If a merger, acquisition, or sale occurs within 180 days of offer submission but before award, a disqualifying recertification renders the contractor ineligible for the award. We believe this is too stringent. If the transaction occurs after 180 days but before award, the contractor remains eligible for single-award contracts but not for MACs.

We agree with the One-Year Grace Period for MACs. The SBA delayed implementation of the recertification rule’s impact on set-aside MACs until January 17, 2026. This means that a disqualifying recertification due to a merger, acquisition, or sale occurring before January 17, 2026, does not affect eligibility for orders or options under existing set-aside MACs. However, agencies cannot count these orders toward their small business goals after the recertification. This grace period does not apply to GSA Schedule contracts, where the rule took effect immediately on January 16, 2025.

We agree with the exception for Mergers Between Small Businesses. If two small businesses merge or one acquires the other, and the resulting entity no longer qualifies as small, the contractor remains eligible for orders under existing set-aside MACs. However, these orders cannot be counted toward agency small business goals.

We agree with the Natural Growth Exception. If a business becomes large due to natural growth (not due to a merger or acquisition), it remains eligible for orders or agreements under MACs unless a contracting officer specifically requests recertification.

We agree with the following Protests and Size Determinations rules. The rule allows MAC holders, contracting officers, or the SBA to file size protests or request formal size determinations to challenge a contractor’s recertification in connection with a merger, acquisition, or sale. This increases oversight and potential litigation risks.

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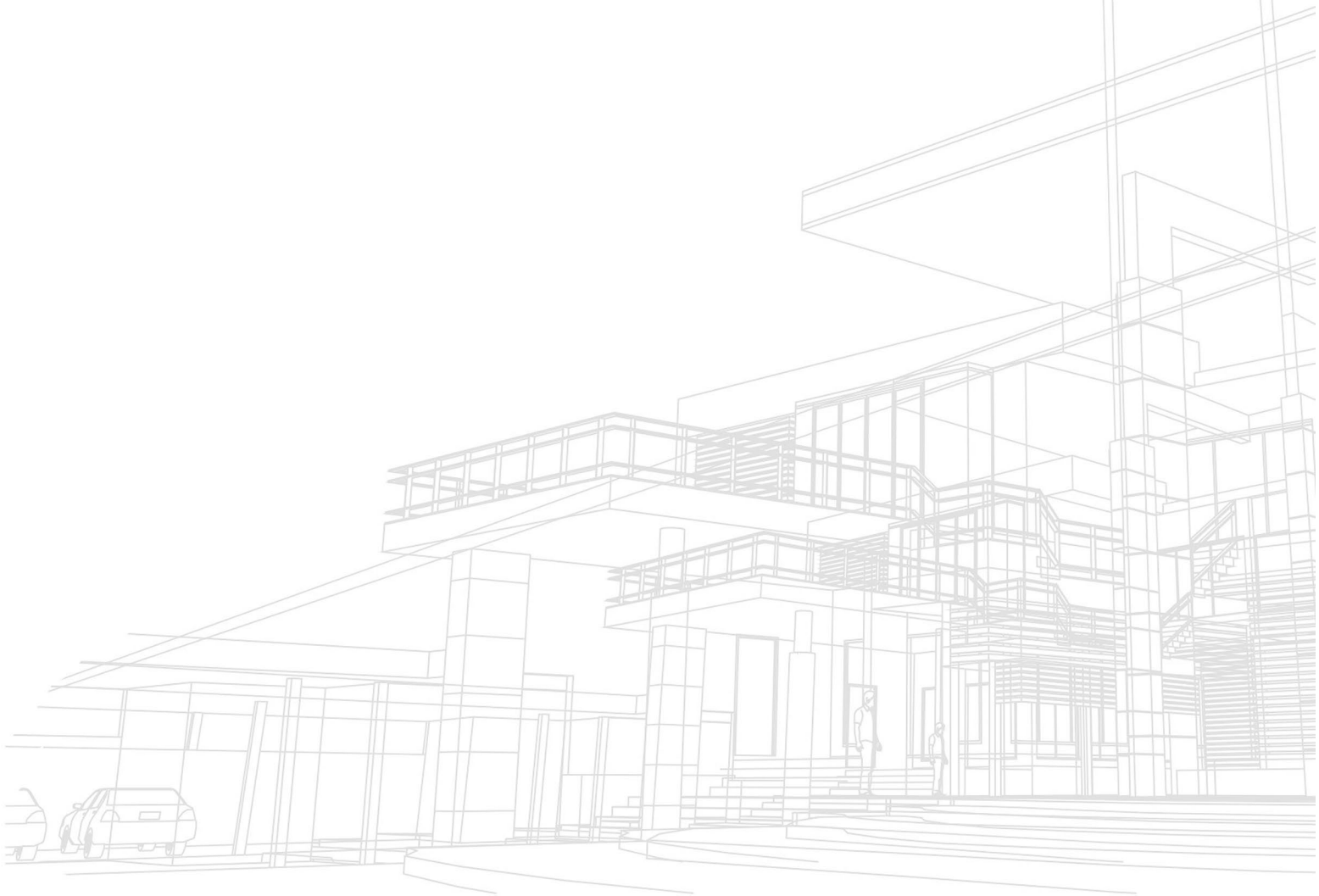
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Very Respectfully,

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