

**Joint Statement**  
**Steve Chabot, Chairman, and Nydia Velázquez, Ranking Member,**  
**Committee on Small Business**  
**Before the Committee on Armed Services of the House of Representatives**  
**On the FY 2017 National Defense Authorization Act**  
**March 1, 2016**

Good morning, Chairman Thornberry, Ranking Member Smith, and Members of the Committee. We appreciate the opportunity to testify before you on the National Defense Authorization Act for Fiscal Year 2017 (FY17 NDAA). Let us begin by thanking the Committee for its longstanding collaboration with the Small Business Committee. In our combined 40 years on the Small Business Committee (SBC), I've enjoyed seeing this relationship develop. The hard-fought passage of last year's NDAA was a success for our national security, for our men and women in uniform and for our small business industrial base. My testimony today will first address legislation already marked up by SBC and how it continues to complement the work of the House Armed Services Committee (HASC), and then to discuss ongoing work the SBC is pursuing.

**I. Introduction**

In the past year, the SBC and its subcommittees have held more than a dozen hearings on issues affecting small contractors. These hearings have focused on the fact that within the last three years, we have lost over 25 percent of the small firms registered to do business with the federal government.<sup>1</sup> Within the Department of Defense, the number of small business contract actions fell 47 percent from 2011, but the size of the average individual small business contract action more than doubled. Not surprisingly, during the same period, the percentage of dollars not competed has increased.<sup>2</sup> As Chairman Thornberry has said, "we need to get more defense for the dollar," and competition by small businesses is part of the solution.<sup>3</sup>

As a result of these hearings, 15 members of the Small Business Committee introduced contracting bills this year. Working closely with our colleagues, we collected these solid, common sense reforms, plus many other legislative provisions, and introduced H.R. 4341, the Defending America's Small Contractors Act of 2016.<sup>4</sup> The SBC successfully marked this bill up on January 13, 2016, when it passed by voice vote with seven bipartisan amendments. When you include those amendments, it means that 20 of the 22 members of the SBC contributed to this bill. This bill not only reflects my priorities as Chairman but those of my members as well.

H.R. 4341 helps small contractors compete in five ways. First, it modernizes the Small Business Act to ensure that the language used is clear and consistent across federal procurement programs

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<sup>1</sup> Committee Report comparing registration numbers in the Small Business Administration's Dynamic Small Business Search (DSBS) tool available at [dsbs.sba.gov](http://dsbs.sba.gov), the decommissioned Central Contractor Registration system, and the System for Award Management, available at [www.sam.gov](http://www.sam.gov).

<sup>2</sup> Committee Report run using the Federal Procurement Data System (Feb. 26, 2016).

<sup>3</sup> Sydney Freedburg, "Mac Thornberry on Acquisition Reform" Breaking Defense (No. v 18, 2013) *available at* <http://breakingdefense.com/2013/11/mac-thornberry-on-acquisition-reform-congress-heal-thyself/>.

<sup>4</sup> H.R. 4341 was introduced by Chairman Chabot and Ranking Member Velázquez.

– DoD contracting officers shouldn't have to learn a dictionary's worth of new jargon just to work with a small business. Second, it strengthens the small business advocates within Small Business Administration (SBA), DoD, and other federal agencies, to promote competition and make sure the laws on the books, including the NDAA, are followed. Third, it improves opportunities for small businesses to compete for subcontracts, and then to build on that experience to compete as prime contractors. This will further strengthen the industrial base. Fourth, it improves coordination between the SBA and DoD mentor-protégé programs which help small businesses better serve our military. Finally, the bill implements common sense reforms to ensure integrity and accountability in small business programs, such as size standards, veterans contracting programs, and contracting officer training programs. These provisions will reduce fraud and open up our supply chains to greater small business participation. We'll now discuss each of these themes in greater detail.

## **II. Modernizing the Small Business Act**

Title I of H.R. 4341 focuses on improving transparency and clarity for small businesses, but transparency and clarity will also benefit DoD contracting officers, policymakers, and program managers. Each of the four sections of Title I will benefit us all.

### **a. Sec. 101, Plain language rewrite of requirements for small business procurements**

Section 101, the plain language rewrite of requirements for small business procurements, is a good example of why these reforms are necessary. This section replaces the current section 15 (a) of the Small Business Act (the Act). Section 15(a) currently addresses contract bundling, surplus property, sales of government supplies, use of size standards, timber sales and promoting small business competition in one paragraph. These run-on sentences are difficult for lawyers to parse, let alone small contractors or contracting officers. Additionally, the statutory language predated the creation of the Federal Acquisition Regulations, which standardized procurement terminology. While Title X of the United States Code has been updated to reflect the uniform names, the Act has not been which makes it more confusing.

The Committee worked closely with outside groups to translate the current language into a comprehensible set of principles without changing the underlying meaning of the statute. Indeed, the only change that did not address the plain language issues came as an amendment to address a complaint shared by small businesses and agencies – that size standards do not reflect how the government does business. Currently, section 3(a) of the Act requires that SBA set size standards according to the North American Industrial Classification System (NAICS) codes. Unfortunately, the NAICS system is meant to address broad sectors of the economy, and does not distinguish between an information technology (IT) help desk and a company providing cutting edge cybersecurity company. The amendment would clarify that when the government's requirements and buying practices diverge from the NAICS system, SBA should create

alternative size standards. This will make it easier for DoD to reach specialized small contractors and fill gaps in the industrial base.

b. Sec. 102. Improving reporting on small business goals

Based up on H.R. 4330, Improving Contract Procurement for Small Business Through More Accurate Reporting Act of 2016 introduced by Rep. Yvette Clarke and Rep. Carlo Curbelo, section 102 amends section 15(h) of the Act to increase transparency in goaling.<sup>5</sup> The Act already sets goals for the awards of prime contracts and subcontracts to small businesses and various subcategories of small businesses. Further, the Act requires that SBA report annually on how well the federal government is doing in meeting its goals. The section requires that the SBA begin reporting two new pieces of information for each goal: (1) the value of contracts credited to each goal if the contract is being performed by a company that is no longer small or no longer qualifies for that procurement program; and (2) the value of contracts credited to each small business goal if a set aside or sole source program for a different goal was used for the award.

These two pieces of information should prove invaluable. The first will allow the SBC and DoD's Office of Manufacturing and Industrial Base Policy (MIBP) to track what happens to small business success stories. This will give us a better picture of how these program promote growth and sustainability, but will have the added benefit of making it easier to catch fraud and abuse of the procurement program. The second change will give Congress better insight into which programs are most successful and which are failing to achieve their objectives. For example, the SBC has been told that the majority of awards coded as going to companies in historically underutilized business zones (HUBZones) are actually awarded using the procurement program for socially and economically disadvantaged businesses (the 8(a) program). As each program has different objectives and different requirements, the fact that SBA takes equal credit for a contract awarded to an 8(a) program participant that is by happenstance also a HUBZone small business as it does for a contract targeted to the HUBZone program leaves it unclear as to which objectives are being realized. Section 102 will address this confusion.

c. Sec. 103. Transparency in small business goals

Section 103 is based upon H.R. 4329, the Transparency in Small Business Goaling Act of 2016 introduced by Rep. Judy Chu and Rep. Trent Kelly.<sup>6</sup> It amends section 15(g) of the Act to ensure that the goals established by the Act are measured against the total contract dollars spent that year rather than allowing SBA to exclude up to 20 percent of all spending. Despite provisions in the FY13 NDAA that required SBA to reissue its goaling guidelines, four years later the only change that has been made involves credit for overseas contracting. SBA's partial

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<sup>5</sup> For more information on the SBC's work on the goaling program and the basis for this legislative provision, please see the SBC Memorandum *Continuing Challenges for Small Contractors* (2015) available at [http://smbiz.house.gov/uploadedfiles/11-18-2015\\_hearing\\_memo.pdf](http://smbiz.house.gov/uploadedfiles/11-18-2015_hearing_memo.pdf).

<sup>6</sup> *Id.* at 3.

implementation targets DoD, Department of State and United States Agency for International Development contracts, but continues to allow agencies like the General Services Administration, Department of Transportation, Department of the Treasury and others to continue excluding over half their contract dollars from the goaling base – far in excess of what DoD ever excluded. The FY13 NDAA changes were not intended to target DoD while allowing civilian agencies to continue manipulating the numbers, and section 103 ensures that the agencies are treated equally.

d. Sec. 104. Uniformity in procurement terminology

This fourth section is based upon the Unifying Small Business Terminology Act of 2016 introduced by Ranking Member Nydia Velázquez. Like section 101, it amends portions of the Act so that the same terms are given the same meaning in the Act as they are given in Titles 10 and 41 of the United States Code. Specifically, this section updates sections 3(m) and 15(j) of the Act. SBA has already begun using the updated terminology in its own regulation when referring to procurement rules, so this harmonization will not change the implementation of any programs.

### **III. Clarifying the Roles of Small Business Advocates**

There are two principle types of advocates who help small businesses pursue and perform federal contracts and subcontracts. First, there are those within the SBA, and then there are also those at other federal agencies. Some are statutorily established positions, and others are only referenced in the Small Business Act (the Act) without a clear explanation of their roles and responsibilities. Those within SBA include the Procurement Center Representatives (PCRs), the Commercial Market Representatives (CMRs), and the Business Opportunity Specialists (BOSs), while at DoD and other agencies there are Offices of Small and Disadvantaged Business Utilization (OSDBU).<sup>7</sup> Unfortunately, the statutory roles and responsibilities of these long standing programs have not always been adequately addressed or modernized to keep pace with procurement reform. Title II of H.R. 4341 addresses these issues with five provisions.

a. Sec. 201. Duties of procurement center representatives with respect to reviewing solicitations

Section 201 is based upon H.R. 4332 Maximizing Small Business Competition Act of 2015, introduced by Rep. Trent Kelly.<sup>8</sup> It amends section 15(l) of the Act to remedy a problem that prevents SBA's procurement center representatives from reviewing consolidated contracts if the contract was set aside or partially set aside for small businesses, even if the acquisition strategy harmed the ability of small businesses to compete for contracts. Current regulations are

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<sup>7</sup> The OSDBU office at DoD is referred to as the Office of Small Business Programs.

<sup>8</sup> For more information on the issue of the PCR's limited ability to review solicitations, please see SBC Memorandum *Supporting Success: Empowering Small Business Advocates* 6 (2015) available at [http://smbiz.house.gov/uploadedfiles/11-18-2015\\_hearing\\_memo.pdf](http://smbiz.house.gov/uploadedfiles/11-18-2015_hearing_memo.pdf).

inadvertently encouraging large set-aside awards to a small number of companies instead of fulfilling Congress's intent that the small business programs foster a healthy industrial base. Indeed, recent contracts have excluded small manufacturers, resulting resellers winning awards despite the fact that they had higher prices. This misuses of the Act needs to be addressed.

b. Sec. 202. Responsibilities of Commercial Market Representatives

This section is based upon H.R. 4198, the Commercial Market Representatives Clarification Act introduced by Rep. David Brat.<sup>9</sup> It amends section 4(h) of the Act to provide a clear definition of the CMR program and enumerate the CMR's principle duties. Currently, the Act references the CMR and provides educational requirements, but does not explain the actual role of the CMR. SBA's Standard Operating Procedures have not kept pace with statutory changes, so they also fail to explain how the CMR should help small businesses compete for subcontracts. These changes will prioritize the key functions already performed by the CMR to promote a healthy supplier base.

c. Sec. 203. Duties of the Office of Small and Disadvantaged Business Utilization

Section 203 is based upon H.R. 4326, the Small and Disadvantaged Business Enhancement Act of 2016, introduced by Rep. Alma Adams and Rep. Crescent Hardy.<sup>10</sup> It amends section 15(k) of the Act to allow the OSDBU to review agency purchases made using government credit cards to ensure compliance with the Small Business Act. The SBC learned last year that in one agency over \$6 billion in such purchases were made without regard to statutory requirements, but the OSDBU office remained unaware of the fraud. Additionally, this section furthers the Committee's long-standing commitment to parity between the SBA's federal contracting programs by addressing an oversight that limited the ability of OSDBU to assist participants in all small business programs.

d. Sec. 204. Improving contractor compliance

Section 204 is based upon H.R. 4331, the Small Business Easy Contract Compliance Enhancement and List Act of 2016, introduced by Rep. Crescent Hardy and Rep. Alma Adams.<sup>11</sup> It amends sections 15 and 45 of the Act, and section 831 of National Defense Authorization Act

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<sup>9</sup> For more information on the issue of the CMR job description, please see SBC Memorandum *Supporting Success: Empowering Small Business Advocates* 3(2015) available at [http://smbiz.house.gov/uploadedfiles/11-18-2015\\_hearing\\_memo.pdf](http://smbiz.house.gov/uploadedfiles/11-18-2015_hearing_memo.pdf).

<sup>10</sup> For more information on the issue of credit card fraud and the small business programs, please see SBC Memorandum *Manipulation and Fraud in the Reporting of VA's Contracting Goals* (2015) available at [http://smbiz.house.gov/uploadedfiles/6-23-2015\\_hearing\\_memo.pdf](http://smbiz.house.gov/uploadedfiles/6-23-2015_hearing_memo.pdf). For information on the challenges facing the OSDBU in general, please see SBC Memorandum *Supporting Success: Empowering Small Business Advocates* 5 (2015) available at [http://smbiz.house.gov/uploadedfiles/11-18-2015\\_hearing\\_memo.pdf](http://smbiz.house.gov/uploadedfiles/11-18-2015_hearing_memo.pdf).

<sup>11</sup> For more information on the issue of post award compliance, please see SBC Memorandum *Supporting Success: Empowering Small Business Advocates* 7(2015) available at [http://smbiz.house.gov/uploadedfiles/11-18-2015\\_hearing\\_memo.pdf](http://smbiz.house.gov/uploadedfiles/11-18-2015_hearing_memo.pdf) and the statement of Angela Styles on behalf of the Defense Industry Initiative on Business Ethics and Conduct (2015) available at [http://smbiz.house.gov/uploadedfiles/12-09-2015\\_styles\\_full\\_testimony.pdf](http://smbiz.house.gov/uploadedfiles/12-09-2015_styles_full_testimony.pdf).

for Fiscal Year 1991, to improve opportunities for small contractors attempting to navigate federal contracting regulations. While there are no-cost compliance assistance programs available for these companies, the companies themselves are often unaware of the resources. As a consequence, otherwise qualified small contractors avoid or are excluded from participating in the defense industrial base. This section directs PCRs, OSDBUs, mentors in approved mentor-protégé programs and other small business advocates to help small businesses find these free resources, including the Small Business Development Centers, Procurement Technical Assistance Centers, Women's Business Centers and the training available from the Defense Industry Initiative of Business Ethics and Conduct.

e. Sec. 205. Responsibilities of the Business Opportunity Specialists

Offered by Ranking Member Velázquez as an amendment, section 205 addresses many of the same issues as sections 201, 202, and 203 did for the PCRs, CMRs, and OSDBUs.<sup>12</sup> BOS have responsibility for overseeing the implementation of the 8(a) contracting program – a program that exceeded \$9 billion in awards last year.<sup>13</sup> BOS are the government's defense against waste, fraud and abuse in these programs, and SBA's unwillingness to properly staff and train the BOS has led to over \$115 million in 8(a) contracts being awarded to companies that are not 8(a) firms.<sup>14</sup> Section 205 will put the proper controls and oversight on this program, to ensure that program participants are given the assistance they are promised while meeting the needs of taxpayers, contracting officers, and the warfighter.

#### **IV. Strengthening Opportunities for Competition in Subcontracting**

Last week, a representative of the DoD Office of the Inspector General (IG) testified before the SBC's Subcommittee on Contracting and Workforce.<sup>15</sup> The DoD IG reported on two audits of Marine Corps contracting activities, where they found that the laws on small business subcontracting are being violated. While only two contracting offices, these audits reaffirmed the information frequently heard at SBC.<sup>16</sup> The president of the Association of Procurement Technical Assistance Centers also confirmed that these violations are widespread, and agreed that the reforms in H.R. 4341 are a good step to addressing the problems.<sup>17</sup>

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<sup>12</sup> For more information on the issue of the BOS job description, please see SBC Memorandum *Supporting Success: Empowering Small Business Advocates* 3-4 (2015) available at [http://smbiz.house.gov/uploadedfiles/11-18-2015\\_hearing\\_memo.pdf](http://smbiz.house.gov/uploadedfiles/11-18-2015_hearing_memo.pdf).

<sup>13</sup> *Id.*

<sup>14</sup> *Id.*

<sup>15</sup> See SBC Memorandum *Hotline Truths: Issues Raised by Recent Audits of Defense Contracting* (2016) available at [http://smbiz.house.gov/uploadedfiles/2-25-2016\\_hearing\\_memo.pdf](http://smbiz.house.gov/uploadedfiles/2-25-2016_hearing_memo.pdf).

<sup>16</sup> For more information on the SBC's work on subcontracting and the basis for this legislative provision, please see the SBC Memorandum *Continuing Challenges for Small Contractors* 5-14 (2015) available at [http://smbiz.house.gov/uploadedfiles/11-18-2015\\_hearing\\_memo.pdf](http://smbiz.house.gov/uploadedfiles/11-18-2015_hearing_memo.pdf).

<sup>17</sup> Statement of Chuck Spence, President, Association of Procurement Technical Assistance Centers available at [http://smbiz.house.gov/uploadedfiles/2-25-2016\\_spence\\_testimony.pdf](http://smbiz.house.gov/uploadedfiles/2-25-2016_spence_testimony.pdf).

a. Sec. 301. Good faith in subcontracting

Section 301 is based upon H.R. 4284, the Service Provider Opportunity Clarification Act of 2015, introduced by Rep. Carlos Curbelo and Rep. Yvette Clarke. It amends section 8(d) of the Act to ensure that subcontracting goals are accurately reported and implements GAO recommendations on how goals are set. As previously documented by the SBC, the SBA has failed to uniformly implement standards for its subcontracting programs. This disadvantages small businesses that are promised work as subcontractors, but it also places large contractors who comply with the law at a competitive disadvantage. Finally, it distorts the health of the supply chain, which ultimately places the warfighters at risk. Therefore, section 301 requires that SBA explain and uniformly implement its subcontracting regulations.

b. Sec. 302. Pilot program to provide opportunities for qualified subcontractors to obtain past performance ratings

Section 302 is based upon H.R. 4317, the Promoting Reliable Subcontractors Act as introduced by Rep. Richard Hanna and Rep. Mark Takai. Recognizing that one of the best ways to strengthen the industrial base is to improve the ability of subcontractors to ultimately compete for prime contracts, this section amends section 8(d) of the Act to add three year pilot program. The pilot program would voluntarily allow small subcontractors and their large prime contractors to award past performance ratings to subcontractors.

## **V. Mentor-Protégé Programs**

Mentor-Protégé programs are intended to partner small businesses with established mentors in order to improve the protégé's ability to win and successfully perform on contracts and subcontracts.<sup>18</sup> However, as the FY16 NDAA found, there are frequently issues with implementation of these programs. These include problems ensuring that the beneficiaries of the programs are small businesses, that the programs themselves are effective, and that programs run by SBA, the civilian agencies and DoD remain complementary rather than duplicative. Section IV addresses these concerns and is based upon H.R. 4322, the Mentor-Protégé Cooperation Reform Act, introduced by Rep. Steve Knight and Rep. Judy Chu.

a. Sec. 401. Amendments to the Mentor-Protégé Program of the Department of Defense

Section 401 amends section 831 of National Defense Authorization Act for Fiscal Year 1991 to allow the Department of Defense to rely upon SBA's Office of Hearings and Appeals to make size determinations. Otherwise, due to changes in last year's bill, DoD will be forced to develop an internal capacity to determine business size status. This would be duplicative and

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<sup>18</sup> For more information on the issues with mentor-protégé programs, please see SBC Memorandum *Maximizing Mentoring* (2015) available at [http://smbiz.house.gov/uploadedfiles/10-27-2015\\_hearing\\_memo.pdf](http://smbiz.house.gov/uploadedfiles/10-27-2015_hearing_memo.pdf).

burdensome for DoD, and risks a situation where DoD and SBA arrive at different answers for the same businesses. This is an area where our two Committee's share jurisdiction, and this is a common sense solution.

b. Sec. 402. Improving cooperation between the mentor-protégé programs of the Small Business Administration and the Department of Defense

Section 402 amends the section 45 of the Act to ensure coordinate between the Department of Defense Mentor-Protégé program and the SBA's Mentor-Protégé program, including the sharing of data and measures of success. The FY13 NDAA already implemented these provisions for the civilian agencies. As GAO has repeatedly pointed out, there is no standard definition of success for mentor-protégé programs. Instead, DoD relies upon whether the protégé receives more work, but given that its mentor company receives credit or reimbursement for using the protégé, it doesn't address whether there are sustainable improvements in the protégé firm that ultimately make the small business more competitive. Section 402 seeks to answer that question.

## **VI. Miscellaneous**

Title V of H.R. 4341 is a collection of strong ideas that did not fit elsewhere in the bill. These seven ideas have all been examined by the SBC, and deserve support.

a. Sec. 501. Improving education on small business regulations

Section 501 is based upon H.R. 4337, Education for Contracting Personnel Improvement Act of 2016, introduced by Rep. Grace Meng and Rep. Richard Hanna. It amends section 15 of the Act to require the SBA to annually share a list of regulatory changes affecting small business contracting with the entities responsible for training contracting personnel, including the Defense Acquisition University and the Federal Acquisition Institute. It also requires that those changes be shared with groups providing assistance to small businesses, including the Small Business Development Centers, the Procurement Technical Assistance Centers, and others. This ensures that contracting agencies and small contractors have up-to-date information on rules and regulations. Given that the Federal Acquisition Regulatory Council has taken more than 7 years to implement some statutory changes, this provision is essential.

b. Sec. 502. Protecting task order competition

This section amends 41 U.S.C. § 4106(f) to allow protests of task orders exceeding \$10 million if the contracts are awarded by civilian agencies. Otherwise, this provision will expire in September 2016, leaving only Department of Defense task order open to protests. The provision referred to the Committee on Oversight and Government Reform, who have already agreed to this provision.



c. Sec. 503. Improvements to size standards for small agricultural producers

This section is based upon H.R. 3714, the Small Agriculture Producer Size Standards Improvements Act of 2015 as introduced by Rep. Mike Bost and Rep. Grace Meng. It amends sections 3(a) and 18(b) of the Act to allow SBA to establish individual size standards for small agricultural producers following the same process used for all other industries. Otherwise, the size standards will remain at the statutorily-set \$750,000. This number, which was set almost 20 years ago, cannot be adjusted for inflation without a legislative change. The size standard makes it harder for DoD and its prime contractors to receive credit for contracting with small farms.

d. Sec. 504. Uniformity in service-disabled veteran definitions

This section is based upon H.R. 3945, the Improving Opportunities for Service-Disabled Veteran-Owned Small Businesses Act of 2015, introduced by Rep. Coffman, Rep. Chabot, Rep. Miller, Rep. Velázquez, Rep. Hanna, Rep. Connolly, Rep. Walorski and Rep. Moulton. It amends section 3(q) of the Small Business Act and 38 U.S.C. § 8127 to unify the definitions and regulations applicable to the government-wide and Department of Veterans Affairs specific contracting programs for veterans and service-disabled veterans. The SBC and House Committee on Veterans' Affairs have held numerous hearings in support of this provision.<sup>19</sup> The Committee on Veterans' Affairs supports the inclusion of this provision.

e. Sec. 505. GAO review of the Office of Government Contracting and Business Development of the Small Business Administration

Section 505 is based upon H.R. 4340, the Small Business Contracting and Acquisition Programs Efficiency Act introduced by Rep. Aumua Amata Radewagen and Rep. Seth Moulton. It requires that the Government Accountability Office examine how SBA is organized to implement the contracting provisions of the Act. This was spurred by oversight hearings of the SBA that identified duplication and confusion with some functions, such as verification, but delays in addressing other critical needs, such as timely regulations.<sup>20</sup>

f. Sec. 506. Required reports pertaining to capital planning and investment control.

Offered as an amendment during markup, section 506 addresses data security issues within SBA. These issues were uncovered during a series of SBC hearings held in January of 2016.<sup>21</sup> The

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<sup>19</sup> See, e.g., SBC Subcommittee on Contracting and Workforce and Committee on Veterans' Affairs Subcommittee on Oversight and Investigations, Joint Hearing: An Examination of Continued Challenges in VA's Vets First Verification Process (Nov. 4, 2014) available at [http://smbiz.house.gov/uploadedfiles/11-04-2015\\_hearing\\_memo.pdf](http://smbiz.house.gov/uploadedfiles/11-04-2015_hearing_memo.pdf).

<sup>20</sup> See SBC Memorandum, *SBA Management Review: Office of Government Contracts and Business Development* (2016) available at [http://smbiz.house.gov/uploadedfiles/2-3-16\\_hearing\\_memo.pdf](http://smbiz.house.gov/uploadedfiles/2-3-16_hearing_memo.pdf).

<sup>21</sup> See SBC Memorandum, *Attention Needed: Mismanagement at SBA* (2016) available at [http://smbiz.house.gov/uploadedfiles/1-06-2016\\_memo.pdf](http://smbiz.house.gov/uploadedfiles/1-06-2016_memo.pdf).

legislative provision requires that SBA provide the SBC with copies of reports it already prepares on these issues.

g. Sec. 507. GAO review of surety bonds

Rep. Steve King offered section 507 as an amendment during markup. This section requires that the Comptroller General review the use of surety bonds in small business procurements. Specifically, the study seeks to uncover whether greater use of bonds would better protect taxpayers.

## **VII. Other Issues**

In addition to the provisions included in H.R. 4341, the SBC is working to reauthorize the Small Business Innovation Research Program and the entrepreneurial development programs of the Act. These program further complement Chairman Thornberry's work on procurement reform by ensuring that high quality small business research and development projects continue to flourish at DoD, and that SBA is effectively introducing the next generation of entrepreneurs to the opportunities afforded by federal contracting. Both provisions strengthen the industrial base, and enjoy bipartisan support. The SBC anticipates marking these provisions up in March, and will continue to communicate with HASC on these issues.

## **VIII. Conclusion**

In conclusion, we all agree that our nation deserves vital small business industrial base: it is fundamental to the health of our nation as a whole. We look forward to working with this Committee to ensure that small businesses remain continue to provide the Department of Defense and the federal government with innovative and competitive solutions to support critical programs. We'd be happy to answer any questions.