



FEDERAL STAFFING RESOURCES, LLC
Proudly Serving Our Nation and Its Heroes

Testimony of Tracy Balazs

On behalf of

Federal Staffing Resources, LLC

dba FSR

Submitted to the

**House Small Business Committee Subcommittee on
Contracting and Workforce**

“Supporting Success: Empowering Small Business Advocates”

December 09, 2015

Good Morning Chairman Hanna, Ranking Member Velazquez, and members of the Subcommittee on Contracting and Workforce of the Committee on Small Business. Thank you for this opportunity to provide testimony regarding my personal experiences as a woman-owned small business owner who has graduated from the SBA 8(a) program and is now an approved SBA Mentor.

My name is Tracy Balazs. I am the Founder, President and Chief Executive Officer of Federal Staffing Resources, LLC, also known as FSR. I am also a retired Registered Nurse. I am testifying today on behalf of FSR regarding the advocacy and support from the Small Business Representatives from the following departments in which I have had experience: 8(a) Business

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Development Program- Business Opportunity Specialists (BOS), the Procurement Center Representatives (PCRs), and the Office of Small and Disadvantaged Small Business Utilization (OSDBU).

As a member of US Pan Asian American Chamber of Commerce (USPAACC), an organization whose mission is to be the gateway to corporate and government contracts, while opening doors and making connections for Asian Americans, minority businesses and their partners on all levels, I am grateful for their recommendation that FSR should provide testimony today.

Federal Staffing Resources is a successful business with 250 employees due in large part to the programs, guidance, and support provided by the SBA.

FSR has been a federal contractor since its inception in February 2004. Our core competency has been in support of those who have sacrificed for our freedoms: the active duty men and women and veterans of the U.S. Armed Forces, by providing the best in class healthcare personnel and program management expertise to the Department of Defense and the Veterans Health Administration. We strongly believe that the SBA has given FSR the opportunity to provide these services to the best of our ability by giving us the support we needed.

The 8(a) program was crucial to our early survival as a business. Within the first 6 months of starting FSR, I engaged in extensive research on the SBA 8(a) program for government contractors. I immediately applied for this program and was granted certification through a waiver in October of that same year. My experiences have been extremely positive, and FSR has benefited greatly from the 8(a) certification. It has not been without challenges however, since the compliance requirements of 8(a) certified companies are rigorous.

The government contracting process is complex and confusing. Most small businesses do not have the time or the money it takes to fully understand how to succeed as a government contractor. The SBA provides essential guidance for business owners. To better understand the complexities of government contracting, resources available to those who seek them out. Hard work and focus is required of the leadership and their team. To be fortunate enough to have been a certified 8(a) company and to do work

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under the aegis of a federal agency, FSR recognizes that as a federal contractor and as a mentor to other small businesses, a duty is impressed upon us to respect the terms of our contracts and adhere to their terms. This duty has required substantial time and investment on the part of leadership and its team to ensure such compliance. My relationship with my BOS when I was in the 8(a) program was based on trust that FSR could and would be able to do the work that we were granted through a sole source contract. The SBA acts a guarantor. They must approve the award and are essentially confirming that the contractor is capable of doing work as awarded. Our BOS was our greatest advocate during the 9 year certification term.

One issue that I encountered when I was working with the SBA is the interpretation and implementation of the standardized policies and procedures. They are handed down from Headquarters to the regional offices and in turn, to the local district offices, and finally, to the individual SBA representative. Even within the same office, but mostly across state lines and districts, interpretations of the policies may differ. I have had conflicting experiences regarding how the SBA reviews financial eligibility and size standards and how it applies these criteria to award or deny contracts. Some guidances are misleading, conflicting, or misinterpreted which can result in inappropriate actions, such as improper awards. Increased training for the representatives as well inviting industry to offer their experiences may help mitigate the confusion and ensure uniform compliance. Since the number SBA representatives is limited and the workload is increasing, the SBA has done an excellent job in updating their website. The website is much more robust than it was during the early years of my 8(a) term, and I use the site often as a resource.

Non-compliance and lack of attention to the rules may be potentially fatal for a small business. Even from the beginning, I knew that the relevant statutes and regulations must be respected and never ignored. We take compliance very seriously, so much so that FSR has a Director of Compliance. I have met many leaders of small organizations with a laissez-faire attitude regarding compliance. The choice to ignore can result in suspension or disbarment. Since the 8(a) program is highly regimented, certified 8(a) contractors are under greater scrutiny for compliance than any other small businesses that do not have a certifying body mandating an annual update of their business or financials. FSR is a Mentor in the 8(a) Mentor-Protégé program. Part of our duties is to educate our Protégé and

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make them aware of the pitfalls of non-compliance. We work with our Protégé-leadership and team to ensure that they understand the relevant statutes, as an example, the Service Contract Act, and regulations thereunder; know the available resources to answer their questions; and to be available for guidance.

The SBA helped us grow our business pipeline and our business network. The OSDBUs and PCRs were essential to creating opportunities over the past decade. The OSDBUs work closely with the SBA and small businesses to ensure that they are aware of the federal opportunities and know the governing statutes and regulations. As a small business, we make it a point to meet with as many OSDBUs as we can to let them know of our capabilities as a prime or a potential subcontractor. The PCRs work with the federal agencies and contracting officials in many areas. Two areas that the PCR would have direct impact for small businesses is to make recommendations for small business set-asides and also to review the small business subcontracting plans and goals of large businesses for full and open requirements.

The monitoring of the small business subcontracting plans may merit review. The concern is that large businesses are not being fully assessed for compliance in their percentage of small business utilization as specified in their contract. I understand from speaking with both the OSDBUs and PCRs, that large businesses are expected to meet their small business subcontracting goals, however, due to insufficient number of government personnel, they are unable to “police” all of the plans. Therefore, these percentages are reported only by the large businesses without verification from the subcontractor small businesses. The government’s receiving the report of subcontracting revenue directly from the small businesses themselves may verify that this objective has been met.

In closing, I would like to acknowledge the SBA programs and their personnel for their assistance in helping me achieve business success and on behalf of thousands of other small business owners say – keep up the good work.

Chairman Hanna, Ranking member Velazquez, and members of the Subcommittee on Contracting and Workforce of the Committee on Small Business, thank you for asking for testimony from small businesses that

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currently work with the federal government. FSR appreciates that our contributions and personal experiences may impact the way the SBA interacts with small businesses, monitor and educate to ensure more compliance. As a minority women-owned small business, I have tremendous gratitude for the SBA's support while I was in the 8(a) program. FSR would not have grown as quickly had we not been certified.

Thank you for you very much for this opportunity. I am available for any questions.

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