

OPENING STATEMENT AS PREPARED FOR DELIVERY



Chairman Richard Hanna

Subcommittee on Contracting and the Workforce

SBA Management Review: Office of Government Contracts and Business Development

February 3, 2016

Good afternoon. The hearing will come to order. The Small Business Committee has spent the past month conducting intensive oversight of the Small Business Administration (SBA). While today the Subcommittee is going to examine the Office of Government Contracts and Business Development (GCBD), the themes emerging from these hearings have been consistent. Specifically, SBA needs to do a better job with human capital management, information technology, and reducing organizational duplication. SBA's failure to appropriately target its use of Voluntary Early Retirement Authority and Voluntary Separation Incentive Payments appears to have left GCBD without the personnel required to perform its statutory mission. I simply do not understand why SBA offered buyouts to the Procurement Center Representatives (PCRs), knowing that under a buyout you can only replace a fraction of the employees who leave. Likewise, why would SBA buyout the individual responsible for drafting procurement regulations at a time when SBA is not meeting the statutory deadlines for rulemakings?

Similarly, GCBD's attempt to implement a unified IT system to track participants in the HUBZone and 8(a) programs was found by the Inspector General to have violated contract law, and to have failed to adequately capture the office's requirement. Despite the fact that they broke contracting laws, they still didn't get a system that works. Given that these systems capture sensitive business and personal data, we must do better. Likewise, GCBD seems to have offices with duplicative and unclear missions, and to rely upon field staff that GCBD does not evaluate to meet its program objectives. Given that in FY 2014 nearly 40 percent of all federal contract dollars went to small businesses as prime or subcontractors, taxpayers deserve an organization that can efficiently and effectively manage the prime contracting, subcontracting, 8(a), HUBZone, Woman-Owned Small Business and Service-Disabled Veteran-Owned Small Business Contracting programs.

Indeed, GAO identified seven open recommendations with which GCBD agreed but which have not been implemented. Some of these recommendations should be simple to close, since they would only require that SBA take actions already required by law. These include submitting the annual bundling and consolidation report, or tracking post-completion success rates for participants in mentor-protégé relationship. I hope that today we'll get honest and candid answers from SBA on what we need to do to fix these problems. I now yield to Ranking Member Takai for his opening remarks.