



Opening Statement
Chairman Richard Hanna
House Subcommittee on Contracting and Workforce
“Action Delayed, Small Business Opportunities Denied: Implementation of Contracting Reforms in the FY 2013 NDAA.”
July 15, 2014

Good afternoon. I call this hearing to order.

Nearly four years ago, this Subcommittee began a comprehensive look at small business contracting reform. We held numerous hearings and held roundtables, eventually settling on a package of commonsense contracting reforms. These reforms were passed by the Small Business Committee in early 2012, adopted as part of the National Defense Authorization Act for FY 2013 (FY13 NDAA), and eventually signed into law by President Obama on January 2, 2013. Unfortunately, what should have been a great bipartisan success story has soured due to inaction and inattention. A year and a half later, the vast majority of these reforms remain unimplemented, and this is causing real harm to small businesses.

We are a society of laws, and all businesses need to know what laws apply to them so they can comply and so they can thoughtfully chart their future course. For example, Congress began reforming the mentor-protégé programs with the 2010 Small Business Jobs Act and then continued this in the FY13 NDAA. However, no proposed regulations or program guidance has been forthcoming from the Small Business Administration (SBA) on this topic. This means small businesses don't know if they should pursue a mentor-protégé agreement at the Department of Homeland Security, or if the SBA will declare that program invalid in a year. This creates an unnecessary barrier to growth.

Likewise, Congress enacted numerous reforms to make it easier for small businesses to team. As these have not been implemented, not only do small businesses have problems teaming, they are also facing contradictory regulations, statutes, and contract provisions. Small businesses are not set up to be the arbiters of laws – we need agencies to implement regulations in a timely fashion. While I understand that some rulemaking issues may be complicated, that does not excuse a failure to meet a statutory deadline.

Furthermore, I fail to understand why it took SBA 19 months to simply publish the name of their suspension and debarment officer online – this required no regulations, and could have been done in a matter of minutes, but SBA didn't post it until this morning – 569 days after the President signed the bill into law. Further, while the information may technically be on the website, it is exceedingly difficult to find – typing “suspension and debarment” into the search tool does not actually take you to the suspension and debarment office or officer. This delay is a

perfect example of bureaucratic barriers to private sector job growth. SBA has been busy spending \$39 million on SBA-created initiatives, rather than implementing the law passed by Congress and signed by the President.

Today, our first panel will help us understand what the lack of implementation means to small businesses in a practical sense. Then, SBA will join us for the second panel, to explain to the Committee what steps are being taken to implement these needed reforms. I thank the witnesses for being here and I look forward to their testimony, and a productive dialogue.

I now yield to Ranking Member Meng for her opening remarks.