

**Testimony of
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**Before the House Small Business Committee
for the Hearing
"Bungling Bundling: How Contract Bundling and
Consolidation Remain Challenges to Small Business Success"
Thursday, October 10, 2013 at 10:00 a.m.
Rayburn House Office Building, Room 2360**

Chairman Hanna and Ranking Member Meng and members of the Committee, I am here today on behalf of the U.S. Women's Chamber of Commerce representing our 500,000 members, three-quarters of whom are American small business owners and federal contractors.

This Committee asks: How is the government complying with current contract bundling laws, the extent to which bundling and consolidation continue to pose challenges to small firms and whether legislation is necessary.

Whenever I am asked to provide testimony on issues impacting small business, I first go directly to my members to receive their, "boots on the ground" input. So, let me begin by providing you with input I received this week from a few members of the U.S. Women's Chamber of Commerce.

Eileen Pannetier, Comprehensive Environmental Inc. an Environmental Consulting and Civil Engineering firm reports: The "Air Force Center for Engineering and Environment" periodically puts out worldwide environmental contracts encompassing almost all of their environmental work. Given the size of these bundled solicitations they are unattainable for small businesses. These solicitations often indicate that they seek small business participation. This is expected to be in the form of small businesses teaming with a large business with the large business serving as prime. This is entirely unrealistic since most large businesses have multiple offices nationwide (often 100+) and Comprehensive Environmental Inc. will on a regular basis compete with these same large businesses on a regional level that we are expected to team with. Additionally, very few solicitations are being set aside for WOSB and EDWOSB businesses. For example: as of 10/8/2013 there were 26,844 solicitations listed on www.FedBizOpps.gov. Of these there were 49 set aside for WOSB and 29 set aside for EDWOSB businesses."

Jennifer Dickerson of EnRep, Inc. reports: "The Department of Energy, Office of Environmental Management continues to bundle scopes of work at radioactive cleanup sites, stating they do not have the resources to manage smaller contracts and that the risk is too great. 38 of EnRep's employees were recently hired by the Prime Contractor

(CHPRC) for the 5-year extension on the Hanford contract in Washington State. An additional 350 subcontractors were hired away from the existing subs (many of them small businesses) because the Prime indicated it would cost DOE less money. If smaller scope of work is not segregated out of these large bundled contracts, DOE will continue to receive an “F” grade from the SBA in meeting their small business goals. There is not accountability by the SBA, the DOE, or the Primes and unfortunately the small business subcontractors suffer.”

Cheryl London, Cherco Co, Inc. reports: “Because of bundling we have basically been precluded from any profitable business that the government has for our type of work. The jobs are contracted out by agency and facility and cover any aspects of construction at those facilities often for years. They may include different buildings, facilities and scopes. The General Contractor then bids and re bids the jobs again and again until there is no profit left in them. Even though the Contracting Officers and SBA officials are supposed to help small businesses get business, they have not been effective in getting anything unbundled. We keep hearing that this comes from “above”. This is killing all small businesses that want to work with the Federal Government.”

Lynn Sutton of Advantage Building Contractors references the Department of Air Force, specifically Shaw Air Force Base and reports: “The projects we choose to pursue is the most important decision we can make for our business. We’ve been fortunate to discover our creative side to gain access to capital, obtain required bonding, and manage cash flow to complete projects. This economy has left few standing. Bundling contracts is an extreme hardship especially for the construction industry. We can’t win if we don’t play. Smaller contracts are more assessable for small businesses. This allows a better chance to obtain the bonding and meet the past performance requirements. It has become necessary to team with other companies to pursue any contracts. The large contracts that bundling create make the attempt impossible.”

Susan Wendt of Wendt Productions, Inc. reports: “Bundling of contracts, making them unattainable by small business. This hurts all certified small businesses. As an example, the last two years, the Department of Energy was rated an “F” with less than 1% contracting to WOSBs due to bundling of contracts, and awards to the same 5 large companies.”

I realize that this committee has been active in seeking to eradicate bundling and consolidation of federal contracts, but – as our members make clear – the issues of bundling, consolidation and the ever popular euphemism, “strategic sourcing” are alive and well in the federal marketplace in part, due to the following:

1. There is a systemic lack of accountability in federal contracting. Year after year: the federal government misses the required 23% mark (and has never met the paltry 5% goal for contracting with women-owned small businesses), does nothing to end the charade of what acquisitions get counted as eligible for the small business target, underfunds the Procurement Center Representatives – the

- backbone of small business acquisition accountability, and fails to hold senior acquisition and agency leaders accountable for their systemic failures.
2. Congressional leaders, and the American public fail to understand that bundling and consolidation actually represent decreased competition – as many competitive vendors are left out of the competitive process due to the size and scope of a single completion. This results and fewer and fewer large businesses and less and less competitive and active small businesses.
 3. Now we have legislation and rulemaking that claims to be the solution for ending bundling and consolidation – but, when looked at from our view, these rules simply detail the basis for providing a legal paper trail to justify bundling and consolidation.
 4. The notion of publically posting an agencies intent to bundle or consolidate 30 days ahead of publishing the offer may look like transparency and make for a nice rebuttal to complaints. But, you try being a small business keeping up with yet another federal website, taking on an agency at the last minute, potentially incurring legal fees, and potentially ruining agency-level relationships – when, agency acquisition leaders have made their strategic plans long, long ago.

Want to prevent bundling and consolidation?

1. Just say no – rather than provide the blueprint for how to justify it.
2. Increase the number of and clout of Procurement Center Representatives.
3. Get more influence at the agency strategic planning stage.
4. Require the SBA to provide annual reporting that goes much further than the woefully inadequate small business goaling reports.

And, last – but, certainly not least: Stop shutting down the government. I guarantee you, the sudden stops and starts, the lack of certainty in agency funding and the lack of accountability that follows this sort of mess will absolutely lead acquisition professionals to do whatever they can do just let out contracts as fast as possible to all of the big businesses lined up at their doors ready to take our tax dollars as fast as possible.

Thank you.