



**Opening Statement of
Chairman Mick Mulvaney
House Subcommittee on Contracting and Workforce
Hearing: “Examining the Barriers for Small Business Contractors at the DOD”
November 8, 2011**

Good morning. This hearing will come to order.

Before we begin, I would like to sincerely thank everybody for being with us today, with a special thanks to each of our witnesses. I appreciate your willingness to take time out of your schedules and appear before this subcommittee to talk about the barriers small contractors face when working with the Department of Defense.

The federal government purchases nearly \$500 billion dollars in goods annually. Because this is a significant amount of federal dollars, we owe it to the taxpayers to make sure that we are using these funds wisely and efficiently.

Government contracting offers a unique opportunity to invest in small businesses while also stimulating our economy. Small businesses play a critical role in our economy and job growth, creating seven out of every ten private sector jobs. With unemployment still stalled at around nine percent nationally, and eleven percent right here in South Carolina, it is more important than ever to invest in the small firms that support our communities and provide opportunities for our families. It is difficult to build a strong economy when its foundation, Americas small businesses, and not strong themselves.

Small business contractors are good for the government and good for the economy. They increase competition, increase innovation, create jobs, and save taxpayer dollars—which is why there is a statutory goal of awarding 23% of prime contract dollars to small business.

Unfortunately, other than criticism from Congress, no penalty exists for the failure of the federal government to meet these goals. In addition to the lack of penalties, there are a number of other barriers that prevent the federal government from maximizing the use of small businesses in federal procurement.

For instance, we should reduce the flawed practice of contract bundling, which occurs when the government consolidates smaller contracts into very large contracts for the sake of convenience.

This process can virtually shut small businesses out of contracting opportunities because they simply lack the capacity or resources to fulfill the requirements of the bundled contract.

Additionally, we must work to strengthen the enforcement mechanisms built into the federal contracting system. Managers and senior executive service personnel should be held accountable for not reaching outlined small business goals or for failing to properly enforce subcontracting plans. All federal agencies need to make this a priority to ensure that no one is able to gain an unfair advantage in the contracting process.

By addressing these and other problems I hope to examine today, we can help small businesses compete in the national marketplace, foster job growth in our communities, and ensure that we use taxpayer dollars as efficiently as possible.

What I am looking to accomplish with this hearing today is to examine some of the problems and barriers that small businesses face when working with the DOD. As most everybody here knows, during the recent base realignment and closure (or BRAC) process, the United States 3rd Army moved their headquarters from Fort McPherson, GA to Shaw Air Force Base in here in Sumter, SC. As part of the BRAC process, several large construction projects were necessary for facilities, housing, and infrastructure to accommodate the approximately 1,000 soldiers, civilian employees, and their families moving onto the base. In 2009, the Navy awarded the construction of the 3rd Army Headquarters Building on Shaw Air Force Base to a firm based in Montgomery, AL.

By no means is this a hearing to chastise the DOD for doing anything wrong. I believe, however, that investigating the specific process by which the DOD determined this particular contract, Members of the Subcommittee will be afforded the opportunity to learn about potential improvements for our local small businesses' bids when attempting to do business with the DOD. In addition, we will be soliciting several ideas on the improvement of the contracting process in general, providing Members the opportunity to hear firsthand the various barriers small businesses encounter in the federal contracting arena as well as examining policy solutions that have the potential to remove those barriers.

This is a very important issue for businesses across the country, and more specifically, right here in Sumter. The opportunities for small firms to participate in federal contracting are numerous and Congress must look carefully at ways to make it easier for them to get their fair share of those opportunities.

Again, I want to thank each of our witnesses for taking the time to be with us today. I look forward to hearing your testimony.