



**Opening Statement
Rep. Richard Hanna
Chairman**

**Small Business Subcommittee on Contracting and Workforce
*“Contracting and Industrial Base II: Bundling, Goaling, and the Office of Hearings and Appeals”***

Good morning, and happy St. Patrick’s Day. I call this hearing to order. I’m happy to be here today for the first hearing before the Subcommittee on Contracting and the Workforce of the 114th Congress. I’m also happy to welcome Ranking Member Nydia Velázquez. I’m sure we are going to do important work together again this year.

As Chairman Chabot stated in his hearing of February 12, 2015, having a healthy small business industrial base means that taxpayers benefit from increased competition, innovation, and job creation. However, the testimony received by the Committee last month indicates that our small business technological and industrial base is at risk. While the percentage of prime contracting dollars awarded to small businesses is increasing, the number of small businesses seeking contracts with the federal government has fallen by over 100,000 since 2012. In past four years, the number of contract actions with small businesses has fallen by almost 60 percent, and at the Department of Defense (DoD), the number of contract actions fell by almost 70 percent. The size of the average individual small business contract action increased by 230 percent during that same period, and by nearly 290 percent at DoD. The percentage of subcontracted work going to small businesses has also fallen by nearly 2.5%.

All of this data indicates that small businesses are at risk, yet the Small Business Administration gave the federal government an A on its latest small business procurement scorecard. Today, we will examine how the government can be receiving a superlative grade when half of the dollar based goals were not met, bundling and consolidation are increasing, small business subcontracting is decreasing and size standards are being manipulated. Today’s witnesses are going to address specific recommendations to improve the competitive viability of our small business contractors. This is second of a series of hearings we’ll be having on this topic – I know we’ll be back here on Thursday. I expect that as a result of the testimony we receive today, the Subcommittee will actively pursue ways to increase opportunities for small businesses to compete for contracts. I look forward to working with each of you, and want to welcome our witnesses.

I now yield to the Ranking Member for her opening statement.