

U.S. Women's Chamber of Commerce
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Testimony of
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IT WORKS
Washington, DC

Before the
House Small Business Committee
“The Impact of Category Management on the
Small Business Industrial Base”

11:00 A.M. on Wednesday, June 13, 2018
Room 2360 of the Rayburn House Office Building.

Chairman Chabot, Ranking Member Velázquez, Members of the House Small Business Committee, thank you for the opportunity to speak today.

To begin, I must convey to you a fervent message of concern from the U.S. Women's Chamber of Commerce: We have never encountered a threat to small business' full and fair access to federal contracts like what is confronting us now.

The anti-competitive contracting practice known as Category Management through Best-in-Class acquisition vehicles has been quickly, summarily – and without thorough consideration and regulatory authority – inserted in front of the federal acquisition process – seemingly as a predicate to the existing Federal Acquisition Regulations (FAR) and the requirements of the Small Business Act. In its current form, the Best-in-Class acquisition process picks winners and losers without assuring full and fair competition, thereby locking out thousands of small businesses from the very contract opportunities that were guaranteed to us in 1978 through Public Law 95-507 “Amendments to the Small Business Investment Act.”¹ This law states, “No contract shall be awarded to any offeror unless the procurement authority determines that the plan to be negotiated by the offeror pursuant to this paragraph provides the maximum practicable opportunity for small business concerns. . . .”²

¹ Public Law 95-507, Amendments to the Small Business Investment Act of 1958: <https://www.gpo.gov/fdsys/pkg/STATUTE-92/pdf/STATUTE-92-Pg1757.pdf> (October 24, 1978)

² Small Business Act: https://www.sba.gov/sites/default/files/Small_Business_Act.pdf

The abrupt transformation of the federal acquisition process to Best-in-Class vehicles will have a crippling effect on small business competitive opportunities. For example, roughly 25,000 small businesses provide IT services to the federal government, but only approximately 200 have the IT vehicles currently deemed Best-in-Class. Locking out ninety-nine percent of small businesses from prime contractor competitive opportunities will have a devastating effect on the small business industrial base. Even before Category Management, the number of federal small business suppliers dropped twenty-seven percent over the last ten years.³ How can the federal government possibly claim to be providing the “maximum practicable opportunity for small business concerns?”

This new process has been rushed so quickly into the acquisition system – without requisite clarity, regulations, or training – that contracting officers have not received the information or training they need. Many contracting officers think they must exclusively use vehicles designated as Best-in-Class such as GSA Oasis or Alliant. Some agency-level contract vehicles have not been named Best-in-Class while other existing vehicles have received this designation. Consequently, winners and losers are being selected without competition, without adherence to the FAR or Small Business Act, and without consideration of the nuanced needs of individual agencies, offices and regions.

If a small business is not already on one of the anointed Best-in-Class vehicles, they are left out – literally restricted from the competitive pool.

³ U.S. Women's Chamber of Commerce, “Small Business Meets Category Management,”:
<https://www.dropbox.com/s/oxy8ds1a66psmnx/small-biz-meets-category-management.pdf?dl=1> (May 24, 2018)

Consequently, while large dollar amounts may end up flowing to a very few small businesses who are already on the selected Best-in-Class vehicles, hundreds of good, viable small businesses will be totally shut out from competing. For example, OASIS has pools with only 40 businesses per pool. Many of these businesses are in multiple pools. Alliant2 has only 80 small business.

Also, some Best-in-Class vehicles are 10-year contracts. For Some Best-In-Class vehicles, if you are not on the vehicle today, you must wait 5 years for the small business on-ramp to secure the right to compete. For the GSA OASIS contract, GSA has announced that the on-ramp will only fill the missing spaces. We don't know if the spaces opened up will be one year, ten years, or more. And, GSA will fill these spaces based on small business certifications to make sure they have at least three WOSB, SDVOSB, HUBZone, etc. per pool. If they already have those certifications in the pool they will not add any additional businesses.

Some Best-in-Class vehicles have no stated on-ramp at all. It's impossible to know when spaces might become available. For example, right now I am unaware of any on-ramp being prepared for Alliant 2 SB; this is a ten-year vehicle with no on-ramp planned at all – leaving small businesses with no foreseeable future to on-ramp to this vehicle.

There are existing acquisition vehicles and methods that could and have been used to achieve government acquisition savings while assuring maximum practicable competitive opportunities for small businesses. However, the rush into Category Management without assuring the Small Business Act requirements are met, without assuring a strong and open

competitive field of firms remain engaged with real incentives to lower prices, and without assuring that the needs and nuances of agencies are met through the acquisition process, will thrust irreversible damage on the small business industrial base.

Examples of good, competitive methods include GSA multiple schedules that qualify as Category Management such as PSS and IT70. The use of these schedules has decreased by agencies over the last few years. Also, an IDIQ created for an entire department with more frequent on-ramps could satisfy Category Management requirements.

Members of Congress, small business needs your help now to assure that small business continues to secure maximum practicable opportunities as federal suppliers. We need you to step in and assure our existing federal acquisition regulations and the Small Business Act are being followed. Given the requirements of this Act, why aren't all interested small businesses simply accepted as competitors on all Best-in-Class vehicles?

We ask you to compel increased training from the top of acquisition leadership down to front line contracting officers to assure they understand they must comply with the FAR and the Small Business Act – that Category Management and Best-in-Class vehicles do not supersede our existing laws and regulations.

We need an easily accessible database of available vehicles so that small businesses and contracting officers know the full array of vehicles available to them rather than just Best-in-Class.

Thank you for your support of American small business and protection of our industrial base.