



**Opening Statement of Chairman Hanna
Subcommittee on Contracting and Workforce
Subcommittee on Investigations, Oversight and Regulations
“The Blacklist: Are Small Businesses Guilty Until Proven Innocent?”
September 29, 2015**

Good morning. I call this hearing to order. At a time when small contractors are disappearing from our industrial base – we’ve lost over 100,000 since 2013 – the Administration continues to place additional burdens on those that would like to sell their goods or services to the federal government. We should be working to expand the universe of contractors, not shrink it further. However, I fear this Administration’s actions will further reduce the number of small contractors that are participating in the federal procurement marketplace.

Since 2009, President Obama has issued 13 executive orders that relate to government contracting, which have resulted in 16 new regulations so far, and there likely are more to come. While some of these mandates may be well-intentioned, they have costs, and too often the costs significantly outweigh the actual positive effects. In fact, it is estimated that compliance with government-unique regulations costs almost 30 cents of every contract dollar.

Today we’re going to talk about the Executive Order 13,673, which the Administration has titled Fair Pay and Safe Workplaces. As a former small business owner, I support the idea of fair pay and safe workplaces – I’m sure we all do. Companies with labor law violations that affect their performance of contracts should be suspended or debarred. However, the executive order and resulting proposed regulation and guidance go far beyond that – instead, it seems to punish companies for unproven allegations.

The Department of Labor and the Federal Acquisition Regulatory Council have primary responsibility for implementing Executive Order 13,673, so I am glad that we have key officials from both agencies here today. I hope they listen to the small businesses that are testifying and truly consider the significant negative consequences associated of their proposals.

There are valid concerns that the implementation of this executive order will result in potentially innocent small businesses effectively being blacklisted from participating in government contracting. I cannot believe that the Obama Administration would intend this to be the result, but as drafted, implementation of Executive Order 13,673 is likely to yield this result.

So from my standpoint, this seems to be an executive order in search of a problem, but I’m here today to listen to those that would be affected and those that will be implementing this executive order to determine if there is anything the Administration could do to make it more workable.

With that, I yield to Chairman Hardy for his opening remarks.

