

**Opening Statement of Chairmen Steve Chabot
Committee on Small Business
Hearing: “The Impact of Category Management”
June 13, 2018**

AS PREPARED FOR DELIVERY

Good morning, this hearing will come to order.

We are here today to continue this Committee’s longstanding oversight of federal procurement initiatives impacting small businesses. This Committee has long advocated for policies that ensure a strong industrial base. As we all know, small businesses play a critical role in increasing competition, innovation, and stimulating our economy.

However, the industrial base has shrunk by as much as 27 percent over the last decade, even as total dollar amounts awarded to small businesses remain level. Past federal spending initiatives applying contract consolidation principles have contributed to this decline. The current federal spending management framework also known Category Management, proposed by the Office of Management and Budget, raises some of these concerns of the past.

While category management can be useful in tracking the federal governments’ purchasing habits in order to identify efficiencies and keep contracting costs down, the proposed plan may be problematic. There is great concern among the small business community that recent efforts steering spending towards “best-in-class” contracting vehicles will restrict competition and significantly reduce opportunities for the majority of small businesses. Current category management efforts seem to benefit the few, to the detriment of many.

In the struggle to simplify and manage federal spending, the federal government should not lose sight of its responsibility to maximize opportunities for small businesses, nor should it disregard the impact that this may have on the industrial base. Merely paying lip service to the small business community is not enough; the federal government should take proactive steps to ensure the majority of small businesses can thrive in this new environment.

I’d like to thank our witnesses for their expert testimony today and now yield to Ranking Member Velázquez for her opening statement.

