

**MARKUP OF: • H.R. 4093, • H.R. 4094, • H.R.  
2751, • H.R. 2882, • H.R. 776, • H.R. 4121,  
• H.R. 2452**

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**MARKUP**  
BEFORE THE  
**COMMITTEE ON SMALL BUSINESS**  
**UNITED STATES**  
**HOUSE OF REPRESENTATIVES**  
**ONE HUNDRED THIRTEENTH CONGRESS**

FIRST SESSION

MARKUP HELD  
MARCH 5, 2014



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**MARKUP OF: • H.R. 4093, “GREATER OPPORTUNITIES FOR SMALL BUSINESS ACT OF 2014” • H.R. 4094, “CONTRACTING DATA AND BUNDLING ACCOUNTABILITY ACT OF 2014” • H.R. 2751, “COMMONSENSE CONSTRUCTION CONTRACTING ACT OF 2013” • H.R. 2882, “IMPROVING OPPORTUNITIES FOR SERVICE-DISABLED VETERAN-OWNED SMALL BUSINESSES ACT OF 2013” • H.R. 776, “SECURITY IN BONDING ACT OF 2013” • H.R. 4121, “SMALL BUSINESS DEVELOPMENT CENTERS IMPROVEMENT ACT OF 2014” • H.R. 2452, “WOMEN’S PROCUREMENT PROGRAM EQUALIZATION ACT OF 2013”**

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**WEDNESDAY, MARCH 5, 2014**

HOUSE OF REPRESENTATIVES,  
COMMITTEE ON SMALL BUSINESS,

*Washington, DC.*

The Committee met, pursuant to call, at 1:00 p.m., in Room 2360, Rayburn House Office Building. Hon. Sam Graves [chairman of the Committee] presiding.

Present: Representatives Graves, Chabot, Coffman, Luetkemeyer, Mulvaney, Tipton, Herrera Beutler, Hanna, Huelskamp, Schweikert, Bentivolio, Collins, Rice, Velázquez, Schrader, Clarke, Chu, Hahn, Payne, Meng, Barber, McLane Kuster, and Murphy.

Chairman GRAVES. We will go ahead and call the meeting to order and get everybody in. We have got a vote at approximately 1:15, which we will have to postpone or at least we will have to recess for a short period of time during the markup. But with that we will just kind of play it by ear.

Today, what we are going to be doing, we are marking up several bills. The Federal Government routinely spends approximately half a trillion dollars through prime contracts each and every year, and surely that small businesses can compete for these contracts offers several benefits. One, business growth. Another, job creation. Greater competition, lower prices, and innovation. And over the past four years I have made it a priority to enact some reforms to increase small businesses’ ability to compete in the federal marketplace, and I am proud of some of our legislative accomplishments.

In the 112th Congress, the Committee reported out 11 contracting reform bills, many of which are now law, and I believe that through those efforts, the legislation we passed last year and the bills that we are going to mark up today, it is going to improve the ability of small contractors to successfully compete.

We focused on a lot of what I will call the 3 C's—clarity, competition, and consequences. In terms of clarity, our efforts ensure that small business contracting laws are understandable, comprehensive, and they promote transparency, and to that end we have passed reforms addressing and improving the roles of small business advocates, the process for determining which firms are small, the way SBA reports on goals, the way the 13 mentor-protégé programs interact, the way small business team on contracts, and the rules around suspension and debarment.

Further, together we have helped small businesses compete. We have required that all acquisition plans address the use of small businesses. We have increased the role of small business advocates in the acquisition planning process, and we have expanded the number of contracts counted towards the small business goals, which means more opportunities for small businesses.

And finally, we worked on consequences, which are holding businesses and agencies responsible. And to that end, we have made it easier to suspend and debar bad actors. We have also imposed penalties on firms acting as fronts for large businesses in an attempt to misuse the SBA's contracting programs. We have required agencies to create mitigation plans when they fail to meet their goals. We have held large businesses accountable for their subcontracting plans, and we have tied senior executive bonuses to small business goals.

Today, we are going to continue our work on clarity, competition, and consequences, and we will be marking up five contracting bills introduced by the Majority-Plus Contracting Bill and a bill addressing Small Business Development Centers, which is introduced by the ranking member. I believe that this is a very collaborative effort and is a testament to the importance of government contracting for small businesses and it is a tribute, I believe, to the bipartisan nature of the Committee.

And while we will briefly discuss each of the bills individually before we mark it up, I want to emphasize how important these issues are to both small businesses and the taxpayers. When small businesses compete for these contracts something important happens and that is jobs. Jobs are created. Innovation occurs, competition brings down prices, and in short, when small businesses win, I think that we all win.

I now recognize Ranking Member Velázquez for her opening statement.

Ms. VELÁZQUEZ. Thank you, Mr. Chairman.

This committee has worked well together on procurement issues, exposing fraud, waste, and abuse and improving how SBA functions. It is my hope that today's discussion will further that tradition. For small businesses, federal agencies can be a great client. Last year, the federal government spent \$461 billion purchasing goods and services, everything from paperclips, to airplanes, to

landscaping, to construction are required throughout the public sector, and small companies are vital to meeting these needs.

Congress, and this committee in particular, have long recognized the benefits that stem from small business participation in the federal marketplace, helping small firms secure these opportunities foster job growth, help small businesses grow into larger ones, and create greater overall economic prosperity.

At the same time when entrepreneurs are enlisted to meet government's procurement needs, American taxpayers' dollars are well spent. Small businesses provide excellent services and quality products at competitive prices. Moreover, bringing additional small companies into the procurement fold increases competition, raising the quality of services and products available to the government.

Given the benefits of having government do business with small enterprises, it is important that federal agencies meet their contracting goals. Unfortunately, this has not happened. The 23 percent small business contracting goal has not been met in many years, although it appears that objective may finally be met this year. Similar initiatives aimed at helping women-owned businesses have fallen short. The Service-Disabled Veteran-Owned Small Business program has also not kept pace. The SBA is responsible for ensuring other agencies are proactively working to meet their small business contracting goals.

Through hearings, oversight, and investigations, this committee has carefully examined why the SBA has repeatedly failed in this regard. Our efforts also help identify possible solutions. It is my hope that the committee can work together in crafting legislation that will make these programs function more effectively.

We also must not ignore other elements of the SBA portfolio. At a time when our economy is still struggling with job creation, entrepreneurship is vital. As such, we must endeavor to ensure SBA's entrepreneurial development programs remain up-to-date, providing the tools that help Americans launch new businesses. I look forward to that discussion today as well.

Mr. Chairman, our economy remains in a difficult spot. We all acknowledge that. While progress has been made, we have a long way to go. Congress will be remiss to ignore the absolute vital role small businesses will play in restoring our nation's prosperity. Today's actions should provide a starting point in addressing some of the policy obstacles that are impeding small business growth.

I thank the Chairman again, and I yield back.

Chairman GRAVES. Thank you.

Do any other members wish to be recognized for the purpose of an opening statement?

Seeing none, we will move on.

We are going to be marking up seven bills today, and we are going to do it in the order that they were noticed.

H.R. 4093

The first bill is H.R. 4093, the Greater Opportunities for Small Business Act 2014, which I did introduce with Mr. Hanna, Ms. Herrera Beutler, and Mr. Murphy. This bill does three things. What it does is raise the Federal Government small business prime contracting goal from 23 percent to 25 percent. It raises the sub-contracting goal from 35.9 to 40 percent and ensures that only

prime contracts are counted towards the prime contracting goal. Last year, the government spent \$460 billion through prime contracts, and the preliminary data shows for the first time in seven years, the percentage awarded to small businesses exceeded 23 percent, and I believe this demonstrates that the tools we have given agencies to meet the small business goals and the focus we are placing on federal contracting, I think it is working.

Given that federal spending failed by \$40 billion during the same period, it also illustrates that doing more with small businesses is good for taxpayers. Thus, raising the goals will help small businesses compete. It is going to help taxpayers, and it is going to help the government operate more efficiently. And I urge support for the bill.

I recognize Ranking Member Velázquez for her remarks on 4093. Ms. VELAZQUEZ. Thank you, Mr. Chairman.

I support this bill. It would be difficult to overstate the significance of the federal marketplace to the small business sector. As of now, it appears that in 2013, small firms were awarded \$83.2 billion in federal contracts. While these numbers could see revision before SBA releases its annual scorecard, this preliminary data suggests that for the first time since 2005, the federal government may finally reach its goal of awarding 23 percent of contracts to small firms. While this constitutes progress, it is well past due and it is certainly not enough. Let us remember, every single year federal agencies miss their contracting goals amounts to billions of dollars in lost revenue for entrepreneurs.

In that regard, the issue raised by H.R. 4093, raising the federal government's statutory small business procurement goal, is a timely one. The bill also increases the government's subcontracting goals and it eliminates a loophole that has inhibited small business participation in the Department of Energy contracts. Given the real tangible benefit that stems from using small businesses for federal projects, it makes perfect sense to discuss raising this threshold. Small businesses deserve better. It is my hope that the committee and Congress will work to ensure agencies do more to incorporate entrepreneurs into the procurement effort. It is a win-win for government, for taxpayers. It is a win-win for the small business sector.

I yield back.

Chairman GRAVES. Well said.

Are there any other members that wish to be recognized for a statement on H.R. 4093?

Seeing none, the Committee now moves to consideration of H.R. 4093. Will the clerk please report the title of the bill?

CLERK. H.R. 4093, to amend the Small Business Act to raise the prime and subcontract goals and for other purposes.

Ms. HERRERA BEUTLER. Mr. Chair?

Chairman GRAVES. What is that?

Ms. CHU. I have an amendment at the desk.

Chairman GRAVES. Without objection, H.R. 4093 is considered read and open for amendment at any point.

At this point I think we will just recess and we will come back. We have two amendments on 4093. Amendment 1 from Ms. Chu



and Amendment 2 from Ms. Clarke. We will pick those up just as soon as we get back.

So we will recess. I think we have got three votes, so we will recess temporarily. Thanks.

[Recess]

Chairman GRAVES. We will go ahead and call the markup back to order. And we are presently on Bill 4093.

The first amendment up is Ms. Chu.

Ms. CHU. Yes. I have an amendment at the desk.

Chairman GRAVES. Clerk, please report the amendment.

CLERK. Amendment 1 to H.R. 4093 offered by Ms. Chu of California. Add at the end of the bill the following: Section 4—

Chairman GRAVES. Without objection, the bill or the amendment, I mean, is considered as read, if that is all right.

No objections?

The gentlelady is recognized for five minutes.

Ms. CHU. Thank you, Mr. Chair.

I strongly support the efforts of the Committee in ensuring that small businesses receive a greater share of government contracts. Providing more opportunities for small businesses to compete for contracts will create jobs and strengthen our economy. We must ensure that government contracting money is spent in such a way that maximizes the potential economic growth. This is why I am introducing this amendment, which would increase the federal contracting goal for women-owned small businesses to 6 percent, and I am proud to have the support of my colleagues, Representatives Clarke, Hahn, Meng, Barber, Kuster, and Murphy.

Women make up 50 percent of the workforce, but the current goal for women-owned businesses is only 5 percent. Also, women-owned businesses lag behind male-owned businesses. The average revenue of women-owned businesses is only 27 percent of the average revenue of male-owned businesses. By granting a larger share of government contracts to women-owned small businesses, we will encourage women in the workforce to start their own firms. As business owners, not only will they be able to earn more for themselves and their families, they will also create jobs and contribute more to the economy. Increasing this contracting goal to 6 percent will give women-owned small businesses the opportunity to access billions more in federal contracts. It is imperative that the government spends its contracting dollars where they can do the most good and women-owned small businesses offer us great potential for growth.

With that, I ask for the Committee's support, and I yield back.

Chairman GRAVES. Does any other member wish to be heard on the amendment?

Mr. BARBER. Mr. Chairman, I move to strike the last word.

Chairman GRAVES. Who said that? Go ahead.

Mr. BARBER. Thank you, Mr. Chairman. And thank you, Congresswoman Chu, for this amendment, which I am pleased to be a cosponsor.

I strongly support this concept of increasing the contracting goal for women-owned small businesses from 5 to 6 percent, and I was a proud cosponsor of this amendment with the congresswoman. I know that we have to do more to help women-owned businesses in

this country, and the Federal Government must lead by example when it comes to supporting women-owned businesses across the nation. This amendment is one small step that we can take to help women-owned businesses succeed, and I encourage my colleagues on both sides of the aisle to support this amendment.

Thank you, Mr. Chairman. I yield back.

Chairman GRAVES. Does any other member——

Mr. Murphy?

Mr. MURPHY. Mr. Chairman, I move to strike the last word.

Chairman GRAVES. Sure.

Mr. MURPHY. Thank you.

I support the distinguished lady from California, Ms. Chu's amendment to increase the federal contracting goal for women-owned small business. With March as Women's History Month, it is the perfect time to recognize the irreplaceable contributions women make to our economy. For example, women have improved the average education level of America's workforce, and women lead some of the most innovative companies in the nation. Women like Shirley Brostmeyer and Denise Castronova run vital businesses in my district. Ms. Brostmeyer is CEO of Florida Turbine Technologies, which develops cutting-edge jet engine innovations, and Ms. Castronova is owner and founder of Castronova Chocolates, which produces some of the best chocolate I have ever had. In addition to recognizing women's equal role in the workforce, we must acknowledge that women still are paid a fraction of what men earn for identical work.

Representative Chu's amendment is one step in the right direction to level the playing field for women in business, and I trust my colleagues will support it unanimously. When women succeed, America succeeds.

Thank you, Mr. Chair.

Chairman GRAVES. Any other member wish to be heard on the amendment?

Ms. HAHN. I do.

Chairman GRAVES. Ms. Hahn?

Ms. HAHN. Thank you, Mr. Chairman.

I move to strike the last word. And I want to thank my colleague, Congresswoman Chu from California. I am proud to join her in offering this very important amendment. Government contracts offer small businesses of all kinds an opportunity to grow, to hire, and contribute to their local economy, but too often certain groups of small business owners are left out of these benefits. The lack of federal contracts going to women-owned small businesses is well documented and unacceptable, but we are making progress, and I am proud to offer this amendment with my colleagues that pushes us further. I am happy to support the Greater Opportunities for Small Business Act, and I hope that we can make sure that while we increase contracting with small businesses, we ensure that women small business owners see more opportunities as well.

Thank you, and I yield back.

Chairman GRAVES. Any other member wish to be heard?

Ms. MENG. I move to strike the last word.

Chairman GRAVES. Ms. Meng?

Ms. MENG. I want to thank Congresswoman Chu for her leadership on this amendment. As we move to increase the small business contracting goal, it is important to secure additional opportunities for women and not leave contracting parity to chance. March is Women's History Month, and I cannot think of a better way for the Committee to do its part than by passing this amendment. A 1 percent increase can result in billions of dollars of federal contracts for women-owned businesses.

Thank you. I yield back.

Chairman GRAVES. Any other member?

Ms. CLARKE. Mr. Chairman? Mr. Chairman, I would like to strike the last word.

I, too, would like to take a minute to thank Ms. Chu for authoring, and my democratic colleagues who, along with myself, joined Ms. Chu as cosponsors of this amendment. Ever mindful that when women succeed, America succeeds, more and more women are swelling the ranks of our nation's entrepreneurs. As such, it is important that we, as legislators, adjust our expectations to better reflect the diverse assortment of entrepreneurs and assist them as they create the jobs that will assist them as they create the jobs that will sustain our economy.

Again, I would like to thank Ms. Chu, and I urge my colleagues to support this common sense amendment. And I yield back, Mr. Chairman.

Chairman GRAVES. Ms. Kuster?

Ms. KUSTER. Thank you, Mr. Chairman. I move to strike the last word.

I also thank Congresswoman Chu for her leadership on behalf of women entrepreneurs and small business owners across the country. I am proud to partner with you on this common sense amendment.

Just two weeks ago, I hosted the first in a series of roundtables with women business leaders in Salem, New Hampshire. We discussed obstacles facing women entrepreneurs, including limited access to capital, technical assistance, and federal contracting opportunities. We can all agree that when women succeed, our entire economy and our country succeeds. By helping to level the playing field for women-owned businesses, this amendment would foster greater competition in contracting marketplaces and result in greater savings and options for America's taxpayers. I urge all of our colleagues to support this common sense amendment, and I yield back.

Chairman GRAVES. Does any other member wish to be heard on the amendment?

Ms. VELAZQUEZ. Mr. Chairman?

Chairman GRAVES. Ranking Member Velázquez?

Ms. VELAZQUEZ. I rise to strike the last word.

I just want to thank Congresswoman Chu for this amendment. The reality is that women employ more than 13 million people, are generating \$1.9 trillion in sales, and women businesses are here to stay, and they play an important role in our economy. The women-owned business contracting goal is now 20 years old. With women's role in the small business sector growing, we must take steps to

update the federal contracting policy so that it reflects the new realities.

On that note, I urge support of this amendment. Thank you.

Chairman GRAVES. Does any other member wish to be heard on the amendment?

As chairman of the Small Business Committee, I have always tried not to favor one particular group over another, or picking winners and losers. And we actually have four subcategories of small business goals. And I think that if we are going to increase the overall small business goal and there is going to be an extra \$10 billion out there to compete for, I think that all small businesses ought to have that opportunity instead of trying to single out and give an advantage to one subcategory over another. So I do not support the amendment.

And with that, the question is on the amendment offered by Ms. Chu, which is Amendment 1, to 4093.

All those in favor say aye.

All those opposed no.

It is the opinion of the chair the noes have it.

Ms. CHU. Mr. Chair, I ask for a recorded vote.

Chairman GRAVES. A recorded vote has been called.

Clerk, please call the roll.

CLERK. Mr. Graves?

Chairman GRAVES. No.

CLERK. Mr. Graves votes no.

Mr. Chabot?

Mr. CHABOT. No.

CLERK. Mr. Chabot votes no.

Mr. King?

[No response]

Mr. Coffman?

Mr. COFFMAN. No.

CLERK. Mr. Coffman votes no.

Mr. Luetkemeyer?

Mr. LUETKEMEYER. No.

CLERK. Mr. Luetkemeyer votes no.

Mr. Mulvaney?

Mr. MULVANEY. No.

CLERK. Mr. Mulvaney votes no.

Mr. Tipton?

Mr. TIPTON. No.

CLERK. Mr. Tipton votes no.

Ms. Herrera Beutler?

[No response]

Mr. Hanna?

Mr. HANNA. No.

CLERK. Mr. Hanna votes no.

Mr. Huelskamp?

Mr. HUELSKAMP. No.

CLERK. Mr. Huelskamp votes no.

Mr. Schweikert?

[No response]

Mr. Bentivolio?

Mr. BENTIVOLIO. No.

CLERK. Mr. Bentivolio votes no.  
 Mr. Collins?  
 Mr. COLLINS. No.  
 CLERK. Mr. Collins votes no.  
 Mr. Rice?  
 [No response]  
 Ms. Velázquez?  
 Ms. VELAZQUEZ. Aye.  
 CLERK. Ms. Velázquez votes aye.  
 Ms. Clarke?  
 Mr. Schrader?  
 Mr. SCHRADER. Aye.  
 CLERK. Mr. Schrader votes aye.  
 Ms. Clarke?  
 Ms. CLARKE. Aye.  
 CLERK. Ms. Clarke votes aye.  
 Ms. Chu?  
 Ms. CHU. Aye.  
 CLERK. Ms. Chu votes aye.  
 Ms. Hahn?  
 Ms. HAHN. Aye.  
 CLERK. Ms. Hahn votes aye.  
 Mr. Payne?  
 Mr. PAYNE. Aye.  
 CLERK. Mr. Payne votes aye.  
 Ms. Meng?  
 Ms. MENG. Aye.  
 CLERK. Ms. Meng votes aye.  
 Mr. Schneider?  
 [No response]  
 Mr. Barber?  
 Mr. BARBER. Aye.  
 CLERK. Mr. Barber votes aye.  
 Ms. Kuster?  
 Ms. KUSTER. Aye.  
 CLERK. Ms. Kuster votes aye.  
 Mr. Murphy?  
 Mr. MURPHY. Aye.  
 CLERK. Mr. Murphy votes aye.  
 Chairman GRAVES. Are there any other members that wish to vote?  
 Ms. Herrera Beutler?  
 Ms. HERRERA BEUTLER. Aye.  
 CLERK. Ms. Herrera Beutler votes aye.  
 Chairman GRAVES. Does any other member wish to be heard on the amendment?  
 Seeing none.  
 Ms. HERRERA BEUTLER. I request that you change my vote from aye to nay.  
 Chairman GRAVES. Ms. Herrera Beutler requests from aye to nay.  
 CLERK. Ms. Herrera Beutler changes from aye to nay.  
 Chairman GRAVES. Any other members wish to be recorded?  
 Seeing none, please report the vote.

CLERK. The noes are 11, the ayes——

Mr. CHABOT. Mr. Chairman, how was I recorded?

Chairman GRAVES. How was Mr. Chabot recorded?

CLERK. As a no.

Chairman GRAVES. Any other members wish to be recorded?

CLERK. Mr. Schweikert?

Mr. SCHWEIKERT. No.

CLERK. Mr. Schweikert votes no.

Chairman GRAVES. All right.

CLERK. The ayes are 10, the noes are 12.

Chairman GRAVES. Last vote, the ayes are 10, the noes are 12. The amendment is not agreed to.

The next Amendment 2, Bill 4093, Ms. Clarke.

Ms. CLARKE. Mr. Chairman, I have an amendment at the desk.

Chairman GRAVES. Clerk, please report the amendment.

CLERK. Amendment 2 to H.R. 4093 offered by Ms. Clarke of New York. Add at the end of the bill the following——

Chairman GRAVES. Without objection, the amendment is considered read.

The gentlelady has five minutes.

Ms. CLARKE. Thank you, Mr. Chairman.

My very straightforward amendment is simply an amendment of the socially and economically disadvantaged small businesses participation. To ensure that our national recovery enjoys strong and robust growth, it is essential that all of our nation's small businesses are fully engaged and active participants. Given the steady growth and participation, it is essential that we recognize this growth and make adjustments to reflect this reality.

I urge my colleagues to support this common sense amendment, and I yield back, Mr. Chairman.

Chairman GRAVES. Any other member wish to be heard on the amendment?

Ms. VELAZQUEZ. Mr. Chairman?

Chairman GRAVES. Ranking Member Velázquez?

Ms. VELAZQUEZ. I rise in support of this amendment.

One area where the federal government has made some progress in its procurement goal is in regards to economically and socially disadvantaged individuals. This standard has historically been set at 5 percent, yet in recent years the federal government has supplied as much as 8 percent of its outsource projects to this class of business. Ethnic minorities and people of color benefit from this program, as do female entrepreneurs. The program is also important in encouraging entrepreneurs from lower income backgrounds to succeed. As federal agencies are regularly exceeding the goals set for this program, it only makes sense that we would ask them to do more. As the face of American small business changes, so too should our federal policies that govern contracting for small businesses.

I believe the gentlewoman's amendment is a good one that fits well with the overall intention of the broader bill. I therefore thank my friend from New York and yield back the balance of my time.

Chairman GRAVES. Does any other member wish to be heard on the amendment?

Mr. CHABOT. Mr. Chairman?

Chairman GRAVES. Mr. Chabot?

Mr. CHABOT. Move to strike the last word.

Mr. Chairman, I will be very brief. I would just like to reiterate the chairman's comments that I think the purpose—those that are voting no are not opposed to any of these particular groups having access, equal access to the contracts that are available, but we think it ought to be an equal opportunity and we ought not to pick winners and losers. And that is why I think the folks on this side are voting no, not because we have any antipathy or opposition to various groups getting these contracts.

And each one of these, Mr. Chairman, I would ask the chair a question. Each one of these groups would have an equal opportunity to get access to these funds, is that correct?

Chairman GRAVES. Absolutely.

Mr. CHABOT. Okay. Thank you very much. I yield back my time.

Chairman GRAVES. Mr. Tipton?

Mr. TIPTON. Move to strike the last word.

I do have a question actually for the sponsor of the amendment. If you would be so kind, what is the dollar amount that you are designating as economically disadvantaged? Where is that reflected in the amendment?

Ms. CLARKE. I am sorry, what do you mean by dollar amount?

Mr. TIPTON. Well, your amendment states "economically and socially disadvantaged."

Ms. CLARKE. Right.

Mr. TIPTON. So what is the dollar amount that is economically disadvantaged?

Ms. CLARKE. It is already set in statute, sir.

Mr. TIPTON. What is it?

Ms. CLARKE. So we are going based on the statute.

Mr. TIPTON. So we are already protecting the economically and socially disadvantaged in statute now? So, thank you. I yield back.

Ms. CLARKE. Yes, it is already in statute.

Chairman GRAVES. Any other member wish to be heard on the amendment?

As I stated before, I do not like singling out individual sub-groups. I like the idea that all small businesses get to compete for this money. It does not prevent anyone from getting an opportunity under this. And so I am opposed to the amendment.

And with that, the question is on the amendment offered by Ms. Clarke, Amendment 2.

Ms. CLARKE. Will the gentleman yield just a moment, Mr. Chairman?

Chairman GRAVES. Yes.

Ms. CLARKE. I am sorry. I did not mean to disturb you, but I just wanted to point out that we are only talking 5 percent here. We are not talking the entire—so there is 95 percent for just about everybody. You know.

Chairman GRAVES. Five percent of the total. And the fact of the matter is, if we increase that 2 percent, we actually back up on every other small business that is out there. We are worse off.

Ms. CLARKE. What do you mean we "back up"?

Chairman GRAVES. Well, every other small business is worse off in terms of—

Ms. CLARKE. How are they worse off, Mr. Chairman, if they are already in contracts? How are they worse off?

Chairman GRAVES. Because you take away everything that we are trying to do.

Ms. CLARKE. I am not clear on what you mean but I yield back, Mr. Chairman.

Chairman GRAVES. The question is on the amendment offered by Ms. Clarke, Amendment 2 to 4093.

All those in favor say aye.

All opposed votes no.

The opinion of the chair is the noes have it.

The amendment is not agreed to.

Ms. CLARKE. Can we get a recorded vote, Mr. Chairman?

Chairman GRAVES. A recorded vote has been requested.

Clerk, please call the roll.

CLERK. Mr. Graves?

Chairman GRAVES. No.

CLERK. Mr. Graves votes no.

Mr. Chabot?

Mr. CHABOT. No.

CLERK. Mr. Chabot votes no.

Mr. King?

[No response]

Mr. Coffman?

Mr. COFFMAN. No.

CLERK. Mr. Coffman votes no.

Mr. Luetkemeyer?

Mr. LUETKEMEYER. No.

CLERK. Mr. Luetkemeyer votes no.

Mr. Mulvaney?

Mr. MULVANEY. No.

CLERK. Mr. Mulvaney votes no.

Mr. Tipton?

Mr. TIPTON. No.

CLERK. Mr. Tipton votes no.

Ms. Herrera Beutler?

Ms. HERRERA BEUTLER. No.

CLERK. Ms. Herrera Beutler votes no.

Mr. Hanna?

Mr. HANNA. No.

CLERK. Mr. Hanna votes no.

Mr. Huelskamp?

[No response]

Mr. Schweikert?

Mr. SCHWEIKERT. No.

CLERK. Mr. Schweikert, no

Mr. Bentivolio?

Mr. BENTIVOLIO. No.

CLERK. Mr. Bentivolio votes no.

Mr. Collins?

Mr. COLLINS. No.

CLERK. Mr. Collins votes no.



Mr. Rice?  
 Mr. RICE. No.  
 CLERK. Mr. Rice votes no.  
 Ms. Velázquez?  
 Ms. VELÁZQUEZ. Aye.  
 CLERK. Ms. Velázquez votes aye.  
 Mr. Schrader?  
 Mr. SCHRADER. Aye.  
 CLERK. Mr. Schrader votes aye.  
 Ms. Clarke?  
 Ms. CLARKE. Aye.  
 CLERK. Ms. Clarke votes aye.  
 Ms. Chu?  
 Ms. CHU. Aye.  
 CLERK. Ms. Chu votes aye.  
 Ms. Hahn?  
 Ms. HAHN. Aye.  
 CLERK. Ms. Hahn votes aye.  
 Mr. Payne?  
 Mr. PAYNE. Aye.  
 CLERK. Mr. Payne votes aye.  
 Ms. Meng?  
 Ms. MENG. Aye.  
 CLERK. Ms. Meng votes aye.  
 Mr. Schneider?  
 [No response]  
 Mr. Barber?  
 Mr. BARBER. Aye.  
 CLERK. Mr. Barber votes aye.  
 Ms. Kuster?  
 Ms. KUSTER. Aye.  
 CLERK. Ms. Kuster votes aye.  
 Mr. Murphy?  
 Mr. MURPHY. Aye.  
 CLERK. Mr. Murphy votes aye.  
 Chairman GRAVES. Are there any other members that wish to vote?  
 Seeing none, please report the vote.  
 CLERK. The ayes are 10 and the nays are 12.  
 Chairman GRAVES. On this vote, the ayes are 10, the nays are 12. The amendment is not agreed to.  
 Are there any other amendments?  
 Seeing none, the question is on agreeing to H.R. 4093.  
 All those in favor say aye.  
 All opposed votes no.  
 The opinion of the chair is the ayes have it. H.R. 4093 is agreed to.  
 Without objection, a quorum being present, the bill is favorably reported to the House. And without objection, the Committee staff is authorized to correct punctuation and any other necessary technical corrections conforming changes.  
 H.R. 4094

With that we will move on to H.R. 4094, the Contracting Data and Bundling Accountability Act of 2014, which I introduced with Mr. Hanna, Ms. Chu, Ms. Meng, and Mr. Murphy.

Contracting bundling is a top complaint that I receive from small business contractors all over the country, and unjustified bundling and consolidation precludes small businesses from competing, along with all the other benefits that accrue from their participation.

In a recent hearing, the Subcommittee on Contracting and Workforce and a recent GAO report found that contracts are not being properly identified as bundled or consolidated. Without this preliminary identification, agencies are not required to justify the decision to consolidate or bundle, nor are they required to mitigate the effects of their consolidation or bundling. And in short, this is as if the laws that were passed to limit contracting bundling simply do not apply.

This bill attempts to address the problem by requiring the SBA or the Office of Federal Procurement Policy and other agencies to work together on a plan to improve the quality of the data, and it further requires that after the plan is in place for a year, then GAO will audit the process and look for further areas of improvement. This is not simply a bureaucratic exercise. Some agencies have gone 17 years without reporting a single contract as bundled when it is clear that they are bundling. Multi-billion dollar procurements have been awarded in the last week that are clearly consolidated but were not treated as such, and this is going to provide a measure of accountability that has been sorely lacking. And I would urge support of the bill.

And I yield to Ranking Member Velázquez for her remarks.

Ms. VELAZQUEZ. Thank you, Mr. Chairman.

One of the most daunting challenges facing small firms seeking federal work is the issue of contract bundling. Last year, \$50 billion worth of federal contracts, nearly 10 percent of the entire federal marketplace was awarded through bundled or consolidated projects. Indeed, as a result of contract bundling, small businesses miss out on opportunities worth more than \$50 billion. I remember when President Bush came into office, he issued a report and identified some of the contract bundles, and yet nothing happened. Still today, nothing really has been happening, and this is why this bill is important.

It is critical that we have a full grasp of the extent and prevalence of this problem. In that regard, H.R. 4094, the Contracting Data and Bundling Accountability Act, will aggregate data on bundled and consolidated contracts, giving a clearer picture of how this problem shapes the procurement process. It is also important that officials in charge of addressing this practice explain what concrete steps they're taking to prevent unfair bundling.

In this committee, we often hear how the deck is stacked against small firms seeking federal work. Bundling is one of the most troublesome hurdles, shutting off large segments of federal work from entrepreneurs with the skill and experience to meet government needs. And it is important for small businesses. It is important for taxpayers. We should promote competition, and one way to do that is by providing a level playing field for small businesses to participate in the federal procurement marketplace.

Thank you, Mr. Chairman.

Chairman GRAVES. Are there any other members that wish to be recognized for a statement on 4094?

Seeing none, the Committee now moves to consideration of H.R. 4094.

Clerk, please report the title of the bill.

CLERK. H.R. 4094, To direct the administrator of the Small Business Administration to develop and implement a plan to improve the quality of data reported on bundled and consolidated contracts and for other purposes.

Chairman GRAVES. Without objection, H.R. 4094 is considered read and open for amendment at any point.

Does anyone have an amendment?

Ms. CHU. Yes, Mr. Chair. I have an amendment at the desk.

Chairman GRAVES. What reason you rise? Okay. You did.

Clerk, please report the amendment.

CLERK. Amendment 1 to H.R. 4094 offered by Ms. Chu of California, page 3—

Chairman GRAVES. Without objection, the amendment by Ms. Chu is considered as read.

Seeing none, the gentlelady is recognized for five minutes.

Ms. CHU. Mr. Chair, last year, the Small Business Subcommittee on Contracting and Workforce had an insightful hearing on the negative impact that unjustified contract bundling and consolidation has on small businesses. We learned that when federal projects are consolidated or bundled into larger contracts, fewer opportunities remain for small businesses. The extent to which, however, small businesses are negatively impacted is impossible to determine because the Federal Government has not met its requirement to self-report contract mergers over the past decade.

Since that hearing last October, my staff has collaborated with Chairman Graves's staff on this important issue and the development of this legislation which requires the SBA, in conjunction with other agencies, to develop and implement a plan to improve data reporting and mitigate unjustified contract bundling and consolidation in the Federal Government. This will bring more accountability to federal contracting and increase opportunities for small businesses. And as such, I support it.

My amendment is very simple. It requires the Small Business Administration to brief the House and Senate Small Business Committees on the plan 90 days before they begin implementing it. This will give us an opportunity to give the SBA input on the plan before implementation begins.

I ask for the Committee's support, and I yield back.

Chairman GRAVES. Do any other members wish to be heard on the amendment?

Seeing none, I support the amendment. I think it gives the Committee, our Committee, some more oversight over contract bundling. I think any time that happens it is a good thing.

So with that, the question is on the amendment offered by Ms. Chu, Amendment 1 to 4094.

All those in favor say aye.

All opposed votes no.

The opinion of the chair is the ayes have it.

The ayes do have it.

The amendment is agreed to.

Does anyone else have an amendment?

Seeing none, the question is on agreeing to H.R. 4094 as amended.

All those in favor say aye.

All opposed votes no.

The opinion of the chair is the ayes have it.

H.R. 4094 is agreed to.

And without objection, and a quorum being present, the bill is favorably reported to the House.

Without objection, the Committee staff is authorized to correct punctuation and make other necessary technical corrections and conforming changes.

H.R. 2751

With that, we will move on to H.R. 2751, the Common Sense Construction Contracting Act of 2013, introduced by Mr. Hanna, Ms. Meng, and myself. And I now yield to Mr. Hanna.

Mr. HANNA. Thank you, Chairman. And thank you, Ranking Member Meng for your support.

This bill seeks to repair a problem that has been around quite a while. In a normal auction, there are multiple buyers. In a reverse auction, there are multiple sellers. So what happens is it works well—

Chairman GRAVES. Can the gentleman yield just so we can get clarification?

Mr. HANNA. Yeah, I am sorry.

Chairman GRAVES. This is H.R. 2751.

Mr. HANNA. That is correct, 2751. Thank you.

Chairman GRAVES. I think I misread it earlier, so I just want to make that clarification.

I yield.

Mr. HANNA. In a normal auction, there are multiple buyers bidding for a single item or project. In a reverse auction, there are multiple sellers. But what we have discovered is it works very well with nonsubjective items like pencils, pens, office supplies, a whole host of things that are commonplace and definable. Where it works very badly, and the Army Corps of Engineers conducted two studies showing the government does not save money when it uses reverse auctions because a lot of the things that are purchased are subjective. For example, design work, architectural work, construction work where it is much more complicated, reverse auctions have actually in many cases reversed competition and caused a race to the bottom because people literally keep bidding and bidding and bidding. And in many cases they wind up with a project that they wish they had not received. So what this does is it keeps a reverse auctioning alive where it works and it seeks to correct it and change it where it has not shown to work in those areas like designing architectural work and construction.

Chairman GRAVES. I now recognize Ranking Member Velázquez for any remarks you might have on 2751.

Ms. VELAZQUEZ. I am in total agreement and support the gentleman's legislation to H.R. 2751.

Chairman GRAVES. Do any other members wish to be heard on H.R. 2751?

Ms. MENG. I do.

Chairman GRAVES. Go ahead.

Ms. MENG. Concerns across the construction industry from subcontractors and prime contractors have been raised about the effectiveness of reverse auctions. It has become apparent that reverse auctions for construction projects are not a wise use of taxpayer dollars. While money can be saved in the short term, the quality of projects and the contractors are often questionable. The bidders on many of these projects engage in a race to the bottom in an attempt to save their failing businesses. I look forward to continuing to examining these race to the bottom problems in other areas of federal procurement.

I was happy to be an original supporter of this legislation, and I want to thank Mr. Hanna and Mr. Graves for sponsoring this important legislation which rids taxpayers of this wasteful procurement method.

Thank you, and I yield back.

Chairman GRAVES. Does any other member wish to be heard?

Seeing none, the Committee now moves to consideration of H.R. 2751.

Clerk, please report the title of the bill.

CLERK. H.R. 2751, to amend the Small Business Act to prohibit the use of reverse auctions for design and construction services procurements.

Chairman GRAVES. Without objection, H.R. 2751 is considered read and open for amendment at any point. Does anyone have an amendment to offer?

Seeing none, the question is on H.R. 2751.

All those in favor say aye.

All opposed say no.

The opinion of the chair is the ayes have it, and H.R. 2751 is agreed to.

And without objection, a quorum being present, the bill is favorably reported to the House.

Without further objection, the Committee staff is authorized to correct punctuation and make other necessary technical corrections and conforming changes.

With that, our next bill for consideration is H.R. 2882, the improving opportunities for Service-Disabled Veteran-Owned Small Businesses Act of 2014, which was introduced by Mr. Coffman, Ms. Flores, Mr. Miller, Mr. Roe, Mr. Hanna, Mr. Connolly, Ms. Herrera Beutler, and myself.

And I now yield to Mr. Coffman to speak on H.R. 2882.

H.R. 2882

Mr. COFFMAN. Thank you, Mr. Chairman.

I would like to thank the Chairman and Ranking Members for bringing H.R. 2882, Improving Opportunities for Service-Disabled Veteran-Owned Small Business Act up for discussion in today's markup. I am proud to have introduced this proposal with both Chairman Graves and Chairman Miller of the House Veterans Affairs Committee.

As many of you know, the Small Business Administration and the Department of Veterans Affairs operate procurement programs for service-disabled veteran-owned small businesses. However, in my role as a member of both the House Small Business Committee and the House Veterans Committee, I have heard from a lot of veterans about problems with the current process, most notably regarding inconsistency between the SBA and VA. The SBA hears challenges for service-disabled veteran-owned small business status decisions for all agencies other than VA. In contrast, VA verifies all potential service-disabled veteran-owned small business companies applying for special procurement preferences for VA contracts. The difference is in the definition. Processes, and interpretation between the VA and SBA cause inconsistent decisions regarding which firms qualify for contracts. Under the current system, a service-disabled veteran-owned small business can qualify at one agency and not another for procurement purposes. This inconsistency often adds cost, confusion, and opens the door to fraud. Moreover, the current process requires the VA to make decisions that are outside their expertise, such as determining business structures. In fact, VA told us that over 98 percent of the firms they reject are rejected not because the individual is not a veteran or service-disabled veteran, but because of the business structure. This has caused numerous conflicts because the SBA has identified numerous cases they would have decided differently than the VA. The process is cumbersome, expensive, and does not work for our veterans. Therefore, H.R. 2882 will transfer the VA verification process for firms to the SBA, unify the definitions of service-disabled veteran-owned small business, and veteran-owned small business, and add transparency. Additionally, the legislation will increase predictability by creating an appellate process by which a service-disabled veteran-owned small business can challenge an agency decision.

I want to be clear that the legislation does not change the vet's first preference at VA; rather, it works to make sure that only qualified firms are able to benefit from the vet's first preference by adding transparency and clarity to the process.

I want to again thank the chairman for bringing this issue up, and I yield back.

Chairman GRAVES. Are there any other members that wish to be recognized for a statement on 2882?

Seeing none, the Committee now moves to consideration of H.R. 2882.

Clerk, please report the title of the bill.

CLERK. H.R. 2882, to amend the Small Business Act and Title 38 United States Code to provide for a consolidated definition of a small business concern owned and controlled by veterans and for other purposes.

Chairman GRAVES. Without objection, H.R. 2882 will be considered read and open for amendment at any point. And I do have an amendment in the nature of a substitute.

Clerk, please read the amendment.

CLERK. Amendment in the nature of a substitute to H.R. 2882 offered—

Chairman GRAVES. Without objection, the amendment can be considered as read.

Without objection, the objection in the nature of a substitute should be considered as the base text for the purpose of amendment.

I do support 2882 as I outlined before because it does help legitimate service-disabled veterans and veterans compete for federal contracts, and it is going to allow the government to operate more efficiently. The bill reflects a concerted effort between this Committee and the Committee on Veterans Affairs to craft a balanced solution. The Veterans Affairs Committee has agreed to waive their jurisdiction on this bill, and I am offering this amendment in the nature of a substitute based upon some changes that were negotiated with the ranking member and myself. Furthermore, this Committee does not have jurisdiction over Title 38 of the United States Code, so changes to definitions in Title 38 have been removed from the bill in the amendment.

The Department of Veterans Affairs should focus on deciding which individuals or veterans and service-disabled veterans and providing them with the benefits that they have earned. The SBA, on the other hand, should determine whether firms owned by veterans and service-disabled veterans are small for the purposes of the federal contracting program. What H.R. 2882 does is it realigns the functions of each agency so that they can each focus on what they do best, rather than perpetuating a broken system.

I personally feel our veterans deserve a little bit better, and H.R. 2882 is a good step.

I now recognize Ranking Member Velázquez for her remarks on the amendment in the nature of a substitute to 2882.

Ms. VELAZQUEZ. Thank you, Mr. Chairman.

Time and again, this committee has seen how skills learned in the military are vital to a career in entrepreneurship, whether it is familiarity with the government procurement process, leadership abilities, tireless discipline, or a willingness to take risks, we have seen countless examples of veterans entering civilian life to become small business owners and create jobs in their community.

Today, there are 22 million veterans who sacrificed for our nation, 5.5 million of whom were disabled from service-connected injuries. These brave individuals deserve our ongoing gratitude and our profound respect. Efforts to channel contracts to service-disabled veteran-owned small businesses is one way that we can show our commitment to them. Regrettably, lax verification of firms receiving these very contracts is undermining these efforts. GAO has done significant work finding that ineligible firms have won contracts that should instead have gone to service-disabled veterans. This abuse includes front companies posing as veterans, pass-throughs where the bulk of the work and revenue went to non-veteran entities, and in some cases, outright fraud. As a result, veterans lost out on millions of dollars in government projects.

The bill before us today, H.R. 2882, takes steps to improve this process. It moves the vets first verification initiative from the VA to the SBA. Ideally, doing so should take advantage of SBA's experience in certifying firms in other contracting programs. The result

should be fewer noneligible entities receiving contracts intended for America's veterans.

Unfortunately, H.R. 2882 uses an odd funding mechanism to reimburse the SBA. Instead of just authorizing funds as it is customary through Congress and the government, it relies on a complicated system of intergovernmental transfers. A similar system was put in place to fund small disadvantaged business certifications but it did not work, resulting in an end to the program. Putting in place a discredited idea to support our nation's veterans makes no sense. In fact, it is a slap in the face to America's war fighters, treating them like second class citizens, relying on external intergovernmental transfers as the underlying bill does puts the entire program at risk. If there is not enough funding or if there is a disagreement between the VA and SBA, the program could shut down. That means no service-disabled veteran-owned small businesses will be certified. It means that existing firms will not be examined. This is precisely when fraud and abuse takes hold, when no one is watching. Why are we taking this risk, especially when it comes to protecting veteran-owned contractors?

While I support the bill, I will be offering an amendment to improve upon this flawed funding structure and ensure that veterans receive the full support they need. For this reason, my amendment is supported by the American Legion. Regardless, we must make every effort to ensure that imposters cannot defraud the government and deprive legitimate service-disabled veteran entrepreneurs their fair share of federal contracts. Addressing this failing is long overdue.

I look forward to working with the chairman and my colleagues on this shared goal, and I yield back the balance of my time.

Chairman GRAVES. Does anyone have an amendment to the amendment in the nature of a substitute?

Mr. SCHRADER. Mr. Chairman, a point of inquiry, please?

Chairman GRAVES. Mr. Schrader?

Mr. SCHRADER. Just on the substitute, just so I understand what the substitute does, I notice that it eliminates the original section 2 of the bill and wondered why that was, whether that defined the bill, what a qualifying veteran-disabled enterprise was, and just wanted to understand why that was eliminated.

Chairman GRAVES. Counsel, do you want to explain what exactly?

Mr. PINELES. The reason that the amendment in the nature of a substitute removed the section was because of the issues between the definitions at the Department of Veterans Affairs and the SBA, and we were trying to draw a bright line to ensure that the SBA would be simply ruling on what constitutes a small business.

Mr. SCHRADER. Okay. I understand. I just hope that that is a good definition that they have because that has been a problem that we have observed in our Committee and want to make sure that a legitimate small business veteran-owned are the ones we are funding here.

Second question if I may, Mr. Chairman. Just, again, for my edification, talk a little bit about the funding mechanisms. There is a six-year timeline that is in there and what is the rationale behind the six years?



Chairman GRAVES. It is a six-year timeline. It does allow for continued funding beyond that point but it is a six-year. And what we are doing is moving the funds out of—it is a Veterans Affairs slush fund is what it is, and that is what we are trying to do under the bill and that allows us to at least have input on directing how that money is going to be spent. The SBA is going to be making the determination. Right now there is no oversight over that slush fund money. It is not appropriated. It is their money to do as they please.

Mr. SCHRADER. Okay.

Chairman GRAVES. At least from the Veterans Administration. We would rather the SBA be making the determination on whether or not those businesses qualify or not.

Mr. SCHRADER. I certainly agree with the base bill in Mr. Coffman and your endeavor here. It also says “any cost.” So is this like whatever this program costs under the SBA, they will reimburse us, and there is enough in the fees that they collect to make sure that the small business administrator is completely reimbursed for the cost of the program?

Chairman GRAVES. We think so. The problem with it is though if we appropriate money, then we are going to have to find an offset and that will kill the bill right up. And everything will stay just exactly the way it is and the VA will continue to use their slush fund.

Mr. SCHRADER. One last question, Mr. Chairman, because I am trying to understand, and maybe it has to do with that offset. It seems like if we are saying \$15 million, that we do not need an offset; right? I mean, it is money that has already been appropriated. SBA is going to do a better job.

Chairman GRAVES. If it has to be appropriated, we have to find an offset. That is the way the rules are right now. And like it or not, it will kill the bill, so, which, you know, if that is what your intent is, then that is your prerogative.

Mr. SCHRADER. I appreciate it. Thank you, Mr. Chairman.

Chairman GRAVES. Does anyone have an amendment to the amendment in the form of a substitute?

Ms. Kuster?

Ms. KUSTER. Mr. Chairman, I have an amendment at the desk and offer that amendment at this time.

Chairman GRAVES. Clerk, please report the amendment.

CLERK. Amendment 1 to the amendment in the nature of a substitute to H.R. 2882 offered by Ms. Kuster of New Hampshire. Page 4, line 1—

Chairman GRAVES. Without objection, the amendment is considered as read.

The gentlelady, five minutes.

Ms. KUSTER. Thank you, Mr. Chairman.

In addition to this panel, I am very fortunate to also be a member of the Veterans Affairs Committee, and there is no greater honor for me than serving the brave men and women who have served our country. While I am not a veteran, both my father and my husband's father served in World War II. In fact, my father-in-law was landing on the beaches of Normandy while my father flew cover overhead. My father flew a P-47 fighter plane and was shot

down over the battle of the bulge on Christmas Eve of 1944. He spent the last six months of the war in a German prisoner-of-war camp, and when he returned home safely, he helped to start a new business, Wildcat Mountain Ski area in Pinkham Notch, New Hampshire. It is my goal with this amendment to help ensure that all veterans have the resources and support they deserve if they decide to follow in my father's footsteps and start their own businesses.

As amended, the underlying bill requires the Veterans Affairs secretary and the Small Business Administration administrator to meet twice a year to discuss how to increase opportunities for veteran-owned businesses. My amendment would expand this provision to also require the secretary and administrator to consult with veterans service organizations on how to achieve that goal. Republican and democrat alike, we can all agree that the best ideas do not come from Washington, D.C.; they come from individuals and communities in New Hampshire, Colorado, Missouri, New York, and across our country. My amendment would help ensure that the voices of veterans are heard as our government discusses how best to support veteran-owned small businesses and service-disabled veteran-owned small businesses.

The American Legion and AMVETS have expressed support for this simple one-page amendment. I commend Congressman Coffman, Congressman Hanna, the chairman, and the ranking member for advancing the underlying bill, and I urge the adoption of my amendment.

Thank you, Mr. Chairman. I yield back.

Chairman GRAVES. Does any other member wish to be heard on the amendment to the amendment in the form of a substitute?

Seeing none, I support the amendment. I think it makes sense.

So the question is on the amendment offered by Ms. Kuster.

All those in favor say aye.

All those opposed votes no.

Seeing none, the opinion of the chair is the ayes have it and the amendment is agreed to.

With that, Ms. Hahn, do you have an amendment?

Ms. HAHN. Thank you, Mr. Chairman.

I have an amendment at the desk and offer that amendment at this time.

Chairman GRAVES. Please report the amendment.

CLERK. Amendment 2 to the amendment in the nature of a substitute H.R. 2882 offered by Ms. Hahn of California. Page 4, line 14—

Chairman GRAVES. Without objection, Amendment 2 is considered as read.

Gentlelady, you have five minutes.

Ms. HAHN. Thank you. Thank you, Mr. Chairman.

First off, I would also like to thank Mr. Coffman for sponsoring this legislation. As another war comes to an end and we welcome our brave men and women back home, we must ensure that we afford them every resource at our disposal to ensure that they can live life the way they want to when they return from serving our country. For many veterans, this may mean starting and running their own small businesses, supporting themselves with their inno-

vative and hard-working spirit and contributing to their local economies.

In the legislation as amended, I was happy to see in the Memorandum of Understanding that the secretary of Veterans Affairs and the Small Business administrator will begin a discussion on ways to improve collaboration between the two agencies in order to increase opportunities for veteran- and service-disabled veteran small business owners. This partnership is promising, and should this legislation pass, I am looking forward to this discussion being the foundation for new progress to better serve the men and women who have served us all so well.

But if we are going to have this discussion, I think it is important that we include two groups of veterans who have had less access and less opportunities as small business owners—female veterans and minority veterans. Today, women and minorities are serving their country more than ever before, and in the coming decades we are going to see them make up a greater and greater percentage of our veterans. Yet, women make up just 4 percent of veteran small business owners despite making up almost 8 percent of the veteran population, and minorities make up more than 20 percent of the veteran population but just 14 percent of veteran small business owners. They make up just 7 percent of veteran owners of small business with employees.

There is clearly significant room for improvement, and the resources we have available in both the VA and the Small Business Administration can go a long way in closing these gaps. My amendment is simple. It ensures that in the secretary and administrator's upcoming discussion, they are sure to include ways to increase opportunities for women and minority veteran small business owners. I hope that the Committee will ensure that the SBA and the VA will report back to us on their progress regarding these issues.

I am happy to support this legislation, and I hope we can work together to develop a productive collaboration with the VA so that we can best serve all the groups of the veterans.

Thank you. I yield back.

Chairman GRAVES. Does any other member wish to be heard on the amendment to the amendment?

Mr. Coffman?

Mr. COFFMAN. Thank you, Mr. Chairman.

Having served 21 years in the military and as a combat veteran, I can tell you that for our disabled veterans, the enemy does not discriminate on who they fire upon. And for us to break them up into categories based on race and gender is the wrong direction for this country. Our military has made tremendous progress on the issues of race and gender, although certainly concerned about the sexual assault issue now before the Congress. But it absolutely makes no sense to identify them beyond that of being veterans or disabled veterans. So I certainly strongly oppose the amendment.

Chairman GRAVES. Do any other members wish to be heard on the amendment?

Mr. Luetkemeyer?

Mr. LUETKEMEYER. Yes, Mr. Chairman.

Maybe I am out of order here with regards to point of order, but can you explain how we can have two amendments amending the

same section at the same point? We have already got a substitute. That would be the third agreement if I am not mistaken. Besides that, we are amending the same place according to the language of this amendment. I do not have a problem with the amendment, just the procedure here because both of them state on page 4, line 14, insert after this section.

Chairman GRAVES. The first one amended line 4. The second one amends line 14, does it not?

Counsel, is it drafted correctly?

Mr. PINELES. Yes. Ms. Hahn's amendment amends page 4, line 14, not line 4.

Mr. LUETKEMEYER. Okay.

Ms. VELAZQUEZ. He has the old version of the amendment.

Mr. LUETKEMEYER. Okay. My mistake.

Chairman GRAVES. Does anyone else wish to be heard on the amendment?

Yes, Ms. Herrera Beutler?

Ms. HERRERA BEUTLER. I just have a quick question, Mr. Chairman, for the sponsor.

Chairman GRAVES. Sure.

Ms. HERRERA BEUTLER. This is not setting a specific number goal or it just—am I reading this correctly? In the meeting they are to discuss ways to improve collaboration under the memorandum, to increase opportunities? So we are not setting a floor or a ceiling?

Ms. HAHN. No, we are not. And we are certainly not really breaking them into any categories that are unreasonable. I am just saying in their conversation, just let us make sure that when we discuss about outreach and opportunities we definitely are finding ways to help women veterans as well.

Ms. HERRERA BEUTLER. Okay, thank you.

With that, I yield back.

Chairman GRAVES. Does anyone else wish to be heard on the amendment?

I do support the amendment.

Ms. HAHN. Hallelujah.

Chairman GRAVES. I think that anytime we can improve that collaboration I think it is important.

So with that—

Ms. HAHN. Hallelujah.

Chairman GRAVES. Mr. Coffman?

Ms. HAHN. Thank you, Sam.

Chairman GRAVES. The question is on the amendment offered by Ms. Hahn to the amendment in the nature of a substitute.

All those in favor say aye.

All opposed say no.

The opinion of the chair is the ayes have it.

The amendment is agreed to.

With that, Ms. Velázquez—and we possibly have a vote in five minutes.

Ms. VELÁZQUEZ. Okay.

Chairman GRAVES. Which does not make any difference. We will come back.

Ms. VELAZQUEZ. Sure.

Mr. Chairman, I have an amendment at the desk.

Chairman GRAVES. Clerk, please report the amendment.

CLERK. Amendment 3 to the amendment in the nature of a substitute to H.R. 2882 offered by Ms. Velázquez of New York.

Chairman GRAVES. Without objection, the amendment will be considered read.

Ms. VELAZQUEZ. Thank you, Mr. Chairman.

Ensuring that our nation's veterans are able to build a career after their military service is a priority. After all, with 2.6 million veterans from the wars in Afghanistan and Iraq alone, these men and women have the skill and leadership qualities necessary to help our economy continue to grow. The bill before us takes a step in the right direction. It will help ensure that only service-disabled veteran-owned small businesses qualify for contracts intended for them at the VA. However, the legislation relies on an unstable funding structure to support this important verification program. As worded in the bill, these intergovernmental transfers are no more than vague promises that the VA will reimburse the SBA for its costs.

What happens if the VA does not collect enough fees from its contractors as the underlying bill requires? What happens if the SBA cost of operating this entity is greater than the amount of fees that the VA collects or wants to transfer to the SBA? These are important questions, and while OMB is directed to get involved, the true answers, "we do not know," and "we hope everything works out." This uncertainty only serves to create openings for non-veterans to defraud the government and take contracts away from actual service-disabled veterans.

This is just not good for our veterans. Simply put, they deserve more than these loose promises. They have fought for our nation's freedom, defended our democracy, and helped those in need throughout the world. We owe it to them to make sure that they have a dedicated funding stream that guarantees contracts intended for them actually go to them. My amendment, which is supported by the American Legion, and Mr. Chairman, at a given time I would like to ask unanimous consent for this letter from the American Legion in support of my amendment, to be entered into the record.

Chairman GRAVES. Without objection.

Ms. VELAZQUEZ. My amendment, which is supported by the American Legion, provides such assurances, and by doing so, ensures that funds are authorized for the program each year. In their letter, the American Legion states that they believe this program needs to be properly and permanently funded. As the representative of 2.4 million veterans in 14,000 posts, those are strong words from the American legion.

With this in mind, I ask unanimous consent, that the letter is entered into the record. This is necessary because as we all know, the eligibility verification process requires resources. Certification relies on application screening, examinations, regular oversight, and site visits. To put it more straightforward, if we are going to channel contracts to veterans, we have to make sure that it is really veterans that are actually getting them. It is also important to realize that we have been down this path before and have seen the problems that intergovernmental transfers cost when relied upon

for program funding. The Small Disadvantaged Business program relied on such a scheme 10 years ago, but due to problems with this structure, the program was unable to sustain itself. If the funding structure in the bill is maintained, it would not be a surprise to see the Vets First program cease operation in a few years altogether. What my amendment does is no different than what is already provided for the HUBZone and the 8(a) minority-owned firms. We talk about the importance of a level playing field, but what the underlying bill does is penalize veterans by giving them an unreliable program.

Because of these reasons I urge you to vote yes on my amendment and fully fund this important initiative for our country's veterans. We owe this to our veterans and it is time that we do right on their behalf.

Thank you, Mr. Chairman. I yield back.

Mr. BARBER. Mr. Chairman?

Chairman GRAVES. Who called?

Mr. BARBER. Mr. Chairman, I move to strike the last word.

Chairman GRAVES. Go ahead.

Mr. BARBER. As the son of a veteran of World War II, of Korea, and Vietnam, and as a member who represents over 85,000 veterans, I am going to rise in support to this amendment.

The funding structure of the bill in its current form is too unstable as it hinges on two agencies which we have asked to work together in the past with little success. They have to come to an agreement on paying for this program, and what they have done in the past does not hold great promise for the future. We need to ensure that veteran-owned businesses do not become a bargaining chip if the VA and the SBA cannot reach an agreement. And the only way to do this is to provide a straightforward appropriation for the program.

Rather than hoping that these agencies will somehow magically reach an agreement, we need to ensure from the outset that this vital program has the right funding. Small businesses invest time and money to enter into the federal marketplace, so we need to provide them with a certainty that the program will be operational so that they can and will make an investment. This Committee has appropriated the other contracting programs, such as HUBZone and 8(a) programs, and we should not treat our veterans who have served our country valiantly—we should not treat them any differently.

The bill in its current form fails to address what would occur in the likelihood that the agencies failed to reach an agreement for the initial funding or in the event of an extension of the program. The vast majority of veterans' businesses who are denied certification through the current system have been denied because of their business structure, not their status as veterans or service-disabled veterans. Providing straightforward funding for this bill allows OHA, the expert in determining whether or not a business is small, the ability to hear appeals immediately.

I urge unanimous consent for Congresswoman Velázquez's amendment, and I yield back.

Mr. COFFMAN. Mr. Chairman?

Chairman GRAVES. Mr. Coffman?

Mr. COFFMAN. I move to strike the last word.

Chairman GRAVES. Go ahead.

Mr. COFFMAN. Mr. Chairman, the bill as currently written respects not only the veterans of this country, I being one of them, but also respects the taxpayers of this country in that it merely continues an existing funding source that this particular function has already been operating under.

Chairman GRAVES. Anyone else?

Mr. Schrader?

Mr. SCHRADER. Thank you, Mr. Chairman.

Big supporter of our veterans' community. Big supporter of the underlying intent of this bill. I think it will go a long way hopefully to improving what our veterans deserve as far as small business opportunities.

And to the end, I mean, for the sake of efficiency, it just seems odd to me that we have to go through kind of a byzantine, arcane funding mechanism which slightly tarnishes the great work that the Committee has done, the chairman and ranking member. I mean, I do not understand why we need an offset for something that saves you half the cost of the program. That goes against common sense at the end of the day. There is no constitutional, statutory, administrative rule that requires us to do that, and it seems for the sake of the veterans community, as has been state here by members of the Committee, we want to make sure the money gets to the veterans so that this program is done right, so there is no fraud in the program, that these men and women that have served our country, like Mr. Coffman, who I really appreciate, can actually get the opportunities that they richly deserve. The offset thing has been violated, if you will, in a number of other areas. Members of this Committee, both republican and democrat, have voted for the Skills Act, the Hazard Preparedness Reauthorization Act of 2013, the VA Major Medical Facility Bill, the Poison Control Center. All those things are the same. I mean, I would like just to have a clean deal here where, hey, we are cutting the program cost in half. That is a huge win for the taxpayer. I think to your point, to Mr. Coffman's point, let us just appropriate the \$15 million and make sure the money gets there and call it good.

Ms. VELAZQUEZ. Would the chairman—

Mr. SCHRADER. I yield back actually.

Ms. VELAZQUEZ. Mr. Chairman, I would just like to add, look, I have a list of the members, Republican members on this committee, right here, you have voted on legislation that contained no offset authorizations for new programs. This amendment does not violate the Cut Gov't in containing House Rule 21 plus 10. And it applies only to mandatory spending. Discretionary spending is not mandatory.

Ms. HERRERA BEUTLER. Mr.—

Chairman GRAVES. Go ahead.

Ms. HERRERA BEUTLER. I do not know who I am asking. I am asking Mr. Chairman for just a moment.

Chairman GRAVES. Sure.

Ms. HERRERA BEUTLER. So does this bill—I realize what I heard cited a couple times was last year's bill is when we were not operating under an agreed-to bipartisan, bicameral budget. Are the

bipartisan, bicameral budget that we enacted for appropriations levels for this year, would this amendment violate that enacted budget? Last year we did not—I mean, the House passed a budget but there was nothing agreed to that we were operating under. Would this violate that budget?

Let me ask that question to the sponsor.

Ms. VELAZQUEZ. This is an authorizing committee. This is not an Appropriations Committee. What we are doing is authorizing a program. And in fact, we asked the parliamentarian yesterday and he said you are correct. With regards to the leadership protocols, you are correct that they are not enforceable with a point of order. Additionally, budget act points of order are not enforceable in committee.

Ms. HERRERA BEUTLER. No, I am not trying to get all parliamentarian on you. I just want to know, are we violating the spirit of the budget that we passed? That is all I want to know.

Ms. VELAZQUEZ. And I know that we do not. This amendment does not.

Chairman GRAVES. Here is the reality, and I think everybody in the room obviously supports veterans and want to make sure that as, to Mr. Barber's point, anyone that has been denied, it has been based on business models or business practices. That is the reason we are trying to bring the SBA into this. That is the purpose of this. And we want to use a slush fund. We think they can do it for \$10 million. There is \$2 billion in this. It is unappropriated dollars. We cannot touch it, and the fact of the matter is, the reality is we have to have an offset. If we take this to the floor with a \$15 million authorization, we have to have an offset or it is not coming to the floor.

Ms. VELAZQUEZ. Mr. Chairman, what would happen if VA does not collect the fees?

Chairman GRAVES. Well, the fact of the matter is no money transfers until there is an agreement, until they come to a conclusion. So if there is none, then nothing changes. Nothing has changed. But what we are trying to do, at least at this point, is attempt to fix this for those veteran-owned businesses and allow them to be able to move forward. So the bottom line is if there is no agreement, then no money transfers and it stays exactly the way it is. If it works, and I think it will work, and the fact of the matter is the last time it did not work is because Congress did not reauthorize it. That is the reason it did not work.

Ms. VELAZQUEZ. It did not because we did not have the oversight mechanism in place. It did not work because we did not provide a funding stream like we do for other programs. They deserve better. Veterans in this country deserve better.

Chairman GRAVES. I agree. And that is the reason we are trying to fix it. OMB will have oversight over this, and the fact is if we have to go with an offset there will not be a bill. So nothing will change. So at least we are trying to fix it.

So with that, does anyone else wish to be heard on the amendment to the amendment in the form of a substitute?

Seeing none, the question is on the amendment offered by Ms. Velázquez to the amendment in the form of a substitute.

All those in favor say aye.



All opposed votes no.

The opinion of the chair is the noes have it.

Ms. VELAZQUEZ. Mr. Chairman, I ask for a recorded vote.

Chairman GRAVES. A recorded vote has been requested.

Can we recess in the middle of that process, counsel? Because I do not think we have time. That is going to delay us.

So everybody needs to—that is going to make everybody come back.

So with that we will go ahead and recess. We will get the vote out of the way and then we will come back and we will finish with the recorded vote which we are in the process of having. So we are in recess.

[Recess]

Chairman GRAVES. I will go ahead and call the markup back to order.

We have had a recorded vote called. Clerk, please read the roll.

CLERK. Mr. Graves?

Chairman GRAVES. No.

CLERK. Mr. Graves votes no.

Mr. Chabot?

Mr. CHABOT. No.

CLERK. Mr. Chabot votes no.

Mr. King?

[No response]

Mr. Coffman?

Mr. COFFMAN. No.

CLERK. Mr. Coffman votes no.

Mr. Luetkemeyer?

Mr. LUETKEMEYER. No.

CLERK. Mr. Luetkemeyer votes no.

Mr. Mulvaney?

Mr. MULVANEY. No.

CLERK. Mr. Mulvaney votes no.

Mr. Tipton?

Mr. TIPTON. No.

CLERK. Mr. Tipton votes no.

Ms. Herrera Beutler?

Ms. HERRERA BEUTLER. No.

CLERK. Ms. Herrera Beutler votes no.

Mr. Hanna?

Mr. HANNA. No.

CLERK. Mr. Hanna votes no.

Mr. Huelskamp?

Mr. HUELSKAMP. No.

CLERK. Mr. Huelskamp votes no.

Mr. Schweikert?

Mr. SCHWEIKERT. No.

CLERK. Mr. Schweikert votes no.

Mr. Bentivolio?

Mr. BENTIVOLIO. No.

CLERK. Mr. Bentivolio votes no.

Mr. Collins?

Mr. COLLINS. No.

CLERK. Mr. Collins votes no.

Mr. Rice?  
 Mr. RICE. No.  
 CLERK. Mr. Rice votes no.  
 Ms. Velázquez?  
 Ms. VELAZQUEZ. Aye.  
 CLERK. Ms. Velázquez votes aye.  
 Mr. Schrader?  
 Mr. SCHRADER. Aye.  
 CLERK. Mr. Schrader votes aye.  
 Ms. Clarke?  
 Ms. CLARKE. Aye.  
 CLERK. Ms. Clarke votes aye.  
 Ms. Chu?  
 Ms. CHU. Aye.  
 CLERK. Ms. Chu votes aye.  
 Ms. Hahn?  
 Ms. HAHN. Aye.  
 CLERK. Ms. Hahn votes aye.  
 Mr. Payne?  
 [No response]  
 Ms. Meng?  
 Ms. MENG. Aye.  
 CLERK. Ms. Meng votes aye.  
 Mr. Schneider?  
 [No response]  
 Mr. Barber?  
 Mr. BARBER. Aye.  
 CLERK. Mr. Barber votes aye.  
 Ms. Kuster?  
 Ms. KUSTER. Aye.  
 CLERK. Ms. Kuster votes aye.  
 Mr. Murphy?  
 Mr. MURPHY. Aye.  
 CLERK. Mr. Murphy votes aye.  
 Mr. Payne?  
 Mr. PAYNE. Aye.  
 CLERK. Mr. Payne votes aye.  
 Chairman GRAVES. Are there any other members that wish to vote?  
 Seeing none, please report the vote.  
 CLERK. The ayes are 10, the nays are 13.  
 Chairman GRAVES. On this vote the ayes are 10 and the noes are 13. The amendment is not agreed to.  
 Are there any other amendments?  
 Seeing none, the question is on agreeing to the amendment in the nature of a substitute to H.R. 2882 as amended.  
 All those in favor say aye.  
 All opposed votes no.  
 The opinion of the chair is the ayes have it.  
 The ayes do have it.  
 The amendment in the nature of a substitute is agreed to.  
 And without objection, a quorum being present, H.R. 2882 as amended is favorably reported to the House.

And without objection, the Committee staff is authorized to correct punctuation and to make other necessary technical corrections and conforming changes.

H.R. 776

Chairman GRAVES. Our next bill for consideration is H.R. 776, the Security and Bonding Act of 2013 introduced by Mr. Hanna, Ms. Meng, and myself. And I yield to Mr. Hanna to speak on H.R. 776.

Mr. HANNA. Thank you, Chairman Graves.

I would like to thank Ranking Member Meng for her support, Congressman Luetkemeyer, and Congressman Collins.

This bill has to do with the Miller Act, which requires prime contractors to provide the government with a surety bond when bidding construction projects. The overall purpose of a surety bond is to protect the taxpayer, contractors, whoever the agency may be in charge, ultimately, the owner.

What has happened in the past is that the assets behind some of these surety bonds which ultimately back up the bond itself have been specious assets and have not been claimable in any format that we would recognize. This tightens that up and requires certain assets that are liquid and discernable and attachable.

I am happy to answer any questions about it but these bonds have been a net increase to the treasury. There is a surplus in there now and it is a very simple fix to a problem that could be turned into a very large problem. It also expands the program to allow for more small businesses to use these bonds.

Chairman GRAVES. Do any other members wish to be recognized for a statement on H.R. 776?

The Committee now moves to consideration of H.R. 776.

Clerk, please report the title of the bill.

CLERK. H.R. 776, to amend Title 31, United States Code to revise requirements related to assets pledged by a surety and for other purposes.

Chairman GRAVES. Without objection, H.R. 776 is considered read and open for amendment at any point. I have an amendment in the nature of a substitute.

Clerk, please read the amendment.

CLERK. Amendment in the nature of a substitute to H.R. 776 offered by Mr. Graves of Missouri. Strike all the—

Chairman GRAVES. Without objection, the amendment is considered read.

Without objection, the amendment in the nature of a substitute shall be considered as the base text for the purpose of amendment.

Surety bonds protect taxpayers and contractors alike, and they ensure that the government is not left with unfinished buildings and to make sure that subcontractors are paid in the process. H.R. 776 as introduced strengthens those protections. However, much of 776 falls within the jurisdiction of the Judiciary Committee, which has not waived jurisdiction on this bill. Therefore, my amendment and the nature of the substitute ensures that we will not consider anything or any language that is out of our jurisdiction, only the language that is within our jurisdiction. I believe the bill as a whole and in part deserves our support. The portions of H.R. 776 and this Committee's jurisdiction is going to allow more small con-

struction companies to compete for federal contracts, and in turn, bring down the prices, I think, at least on federal construction projects. Based on data provided by the SBA, I am convinced that we can accomplish this without putting taxpayers at risk. And therefore, I would urge support of the bill.

I now recognize Ms. Velázquez for her remarks.

Ms. VELAZQUEZ. Yes, thank you, Mr. Chairman.

We often discuss the SBA's role in helping small firms access capital by guaranteeing private loans. Less attention has been paid to the SBA surety bond initiative, which performs a parallel function in the area of bonding contractors. Current law requires that any contractor doing construction or repair work in excess of \$150,000 must have a performance bonus, essentially guaranteeing work will be completed in accordance with the contract's terms.

In Fiscal Year 2013, the SBA's Surety Bond program guaranteed 6,151 bonds on final bids. Absent this backstop, it is likely that many small firms will struggle to find private market companies willing to guarantee their work. Recent analyses have suggested that women-owned and minority-owned firms face greater challenges in finding private market surety companies to bond them. As a result, this initiative is particularly useful for many companies Congress has targeted for greater involvement in the federal marketplace.

With this in mind, as we seek ways to foster small business participation in the federal marketplace, the SBA Surety Bond program will likely need to be part of that equation. With projects growing in complexity, scope, and scale, it only makes sense that bonds provided will seek larger guarantees for their exposure.

This committee and the House have previously recognized the economic value in the SBA Surety Bond program. As part of the American Recovery and Reinvestment Act, we increase the program site limit to encourage smaller firms to take on larger projects. It is my hope the committee continues working together to find ways to maximize the value of this initiative.

I thank the chairman for this legislation. And I yield back and I support it.

Chairman GRAVES. Does any other member have an amendment to offer?

Seeing none, the question is on agreeing to the amendment in the nature of a substitute to H.R. 776.

All those in favor say aye.

All opposed votes no.

The opinion of the chair is the ayes have it.

The ayes do have it.

The amendment in the nature of a substitute to H.R. 776 is agreed to.

Without objection, the Committee staff is authorized to correct punctuation and make other necessary technical corrections and conforming changes.

H.R. 4121

Our next bill for consideration is H.R. 4121, the Small Business Development Centers Improvement Act of 2014, which is introduced by Ranking Member Velázquez.

I now yield to Nydia to speak on 4121.

Ms. VELÁZQUEZ. Thank you, Mr. Chairman.

In every state, the SBA's network of 900 Small Business Development Centers help would-be entrepreneurs build and launch new enterprises. They also assist existing business owners who are seeking to expand and grow their operations. Whether it is how to construct a business plan, market research, manufacturing assistance, or guidance for firms seeking to begin exporting their goods abroad, SBDCs are absolutely vital to small companies' success.

H.R. 4121, the Small Business Development Centers Improvement Act gives SBDCs the tools and resources they need to continue providing these invaluable services to our nation's entrepreneurs. During this period of fiscal restraint, it is important that we continue to look to proven programs like the SBDCs. Doing so allows us to more efficiently allocate further resources to those programs that have proven benefits.

SBDCs have a strong track record of success. In fact, previous analyses have found that for every dollar invested in them, \$2.87 is returned to the treasury. It is rare to see such a strong return on investment in any governmental program. That document of financial return does not even include the very extensive job creation and local economic development benefits SBDCs bring to their communities.

At the same time that the SBDC program has demonstrated such success, SBA has recently experimented with a series of unproven programs that have neither been approved by the committee, by Congress, nor adhere to the same performance metrics as SBDC or other existing SBA entrepreneurial development initiatives. Given that SBA and the rest of the federal government is operating under significant budgetary pressure, we must ensure the agency's resources are used wisely.

It is with this in mind that I am putting forward H.R. 4121. It will ensure that any new entrepreneurial development services will be offered through the agency's 16 networks. With budgets tight and sequestration still in effect, we simply cannot afford "pie in the sky" experimentation and duplication in the SBA programs. The SBA's 16 entrepreneurial development works, including not just SBDC but also Women's Business Centers and SCORE as well, are positioned to channel any new assistance to business owners. Using these existing networks, rather than creating new, duplicative ones, will ensure that the entrepreneurs receive the resources they need without wasting taxpayer dollars on an unproven scheme. We must also work to ensure that the SBDCs are freed up to do what they do best—assist small business owners. In that regard, the legislation makes a number of important changes that will streamline their operations and reduce their administrative burden. By granting SBDCs authority to better market their services, the bill will expand outreach to small firms that may not be aware these services exist. In addition, the legislation ensures that SBDC grants are targeted to the not-for-profit and higher education institutions that have proven to be such viable partners in the SBDC program to date.

Mr. Chairman, in every economic downturn our nation sees a spike in entrepreneurship. As more Americans turn to entrepreneurship to support their families, we must ensure the assets are

in place to help them succeed. The legislation I am presenting will improve the SBDC program and help new entrepreneurs and existing businesses flourish and create new jobs.

I urge my colleagues to vote yes, and I yield back the balance of my time.

Chairman GRAVES. Thank you.

Are there any other members that wish to be recognized for a statement on H.R. 4121?

Seeing none, I support the ranking member's bill for all the reasons that she provided. Repeatedly, this Committee has expressed concerns regarding SBA's creation of new and unauthorized entrepreneurial programs in this already overcrowded space, and this bill reflects the Committee's views and estimates of the last three years. Both Ranking Member Velázquez and I have repeatedly stressed the need for SBA to strengthen authorized programs, such as SBDCs, rather than create initiatives that duplicate or overlap existing programs.

So with that, the Committee now moves to consideration of H.R. 4121.

Clerk, please report the title of the bill.

CLERK. H.R. 4121, to amend the Small Business Act to provide for improvements to Small Business Development Centers.

Chairman GRAVES. Without objection, H.R. 4121 is considered read and open for amendment at any point.

Now with that—

Mr. MURPHY. Mr. Chairman?

Chairman GRAVES. Do you have an amendment?

Mr. MURPHY. I have an amendment at the desk.

Chairman GRAVES. Clerk, please report the amendment.

CLERK. Amendment 1 to H.R. 4121 offered by Mr. Murphy of Florida.

Chairman GRAVES. Without objection, the amendment is considered as read.

Gentleman, you have five minutes.

Mr. MURPHY. Thank you, Mr. Chairman.

I offer a common sense amendment to help small businesses get back on their feet in the wake of natural disasters. Currently, Small Business Development Centers are required by law to assist only small businesses in the same state as them. This makes sense most of the time, but not in the aftermath of natural disasters, like Hurricanes Sandy and Katrina. More often than not, SBDCs in areas hit by natural disasters are in no position to assist their community because they themselves are in the midst of recovering. My amendment would allow unaffected SBDCs to assist small businesses in areas where the president has declared a natural disaster.

I am sure you will all agree that this is a straightforward fix to a needless problem. I ask my colleagues to support this amendment, as well as the bipartisan bicameral Small Business Disaster Reform Act where I first introduced this provision and which has the support of multiple members of this Committee.

I yield the balance of my time.

Chairman GRAVES. Does any other member wish to be heard on the amendment?

Ms. VELÁZQUEZ. Mr. Chairman, I strongly support the gentleman's amendment. I, myself, have seen the work the SBDCs have done right after 9/11 and right after Sandy, and it is worth having the opportunity to be able to allow for personnel from New York's SBDCs to go to Florida. They have the experience. They have the expertise. They will help small businesses navigate the bureaucratic processes with FEMA and SBA. So it is a good amendment and I am very proud to support it.

Chairman GRAVES. Do any other members wish to be heard on the amendment?

With that, I think the amendment makes all the sense in the world. I wish that members of Congress could do the same thing that we are trying to allow the SBDCs to do in times of emergency. I do not know if you know it, but members of Congress cannot use their office personnel or their funds to be able to help out another member of Congress if they have lost their office in a natural disaster. So this makes all the sense in the world.

So with that, the question is on Amendment 1 offered by Mr. Murphy.

All those in favor to 4121, all those in favor say aye.

All opposed no.

The opinion of the chair is the ayes have it.

The ayes do have it.

The amendment is agreed to.

Mr. Payne?

Mr. PAYNE. I have an amendment at the desk.

Chairman GRAVES. Clerk, please report the amendment.

CLERK. Amendment 2 to H.R. 4121 offered by Mr. Payne of New Jersey. Add at the end of the bullet the following: Section 1 inclusions—

Chairman GRAVES. Without objection, the amendment is considered read. And with that, Gentleman, you have five minutes.

Mr. PAYNE. Thank you, Mr. Chairman.

Prior to getting into the amendment, I have been listening to the discussion this afternoon and I feel that my colleagues offered some very good amendments around women and minorities because historically they have been disadvantaged in those areas.

I used to work for my uncle at one time in a printing company and we went through the GSA process and the business grew and we flourished. And when we got into the private sector, the larger printing companies colluded to have the paper companies, not sell this one company, the only minority firm in that industry, not to sell us paper. We had to go to our senator at that time in New Jersey and compel the paper companies to start selling us the raw material again.

So the amendments that were offered by my colleagues earlier to strengthen the focus on women and minorities are not about equality but equity. The problem with equality in this sense is that it addresses all groups without regard of the historical privilege that one group has had and continues to have.

Equity on the other hand acknowledges the unfair treatment that has disadvantaged certain groups in attempts to level the playing field. Even with the proposed increases in contracting goals

for women and minorities, we would not even begin to see the equity.

I hope my colleagues can begin to understand equality versus equity as we move forward, and my amendment addresses the unemployed, another group facing tough times. The amendment looks at the current unemployment rate at 6.6 percent, but for every one job available there are three people actively searching for employment. Since 1995, small businesses have generated over 65 percent of the net new jobs and over 50 percent of the working population is employed by small business.

As we look to strengthen the SBDCs and expand support for entrepreneurs through Ranking Member Velázquez's bill, we should also look to expand the pathway to entrepreneurship specifically for the unemployed. My amendment adds entrepreneurial education and support for the unemployed individuals to list the services provided by Small Business Development Centers. Entrepreneurship is one of the most viable career and economic growth opportunities, and as we shore up our efforts to support entrepreneurs, we must include the unemployed as well. And I hope this is one subgroup that we can understand we need to support. So I urge my colleagues to support this amendment.

Chairman GRAVES. Do any other members wish to be heard on the amendment?

Mr. BARBER. Thank you, Mr. Chairman. I want to wholeheartedly support Congressman Payne's amendment and thank him for his work to spur entrepreneurship in our communities. And I also want to say how much I appreciate his preliminary comments and what he had to say about equity.

We had an opportunity several times today to bring equity to groups in our country that have been disadvantaged and we fail to do so. I hope we can reconsider and do a better job in the future, but I certainly want to commend the congressman for making that very clear to all of us.

As a former small business owner, my wife and I ran a small business in our community for 22 years. We know, as Congressman Payne pointed out, that small businesses are our best job creators, and I believe that is why we must do more to ensure that potential entrepreneurs—people who are currently unemployed would be in that group—have the tools and the knowledge they need to succeed.

I encourage all my colleagues on the Small Business Committee to support this amendment. I believe it is the right thing to do and hopefully we will all agree and vote yay on this amendment.

Thank you. I yield back.

Chairman GRAVES. Do any other members wish to be heard on the amendment?

Seeing none, just to clarify real quick, the amendment continues to promote entrepreneurship as an option for the unemployed, and it does so by just using already existing resources that the SBDCs have. And with that, I do support it.

The question is on the amendment offered by Mr. Payne, Amendment 2 to H.R. 2141.

All those in favor say aye.

All opposed no.



The opinion of the chair is the ayes have it.

The ayes do have it.

The amendment is agreed to.

Does any other member wish to seek recognition with an amendment?

Seeing none, the question is on agreeing to H.R. 4121 as amended.

All those in favor say aye.

All opposed no.

The opinion of the chair is the ayes have it.

H.R. 4121 is agreed to.

Without objection, a quorum being present, the bill is favorably reported to the House.

Without objection, the Committee staff is authorized to correct punctuation and make other necessary technical changes and conforming changes.

With that, the last bill that we have is H.R. 2452, the Women's Procurement Program Equalization Act of 2014 introduced by Ranking Member Velázquez.

I now yield Nydia for her remarks on H.R. 2452.

H.R. 2452

Ms. VELAZQUEZ. Thank you, Mr. Chairman.

Despite the increased presence of women-owned businesses in our economy, the federal government has continually failed to meet its 5 percent procurement goal for women-owned small businesses. Data for Fiscal Year 2013 indicates that only 4.3 percent of eligible federal contracting dollars were awarded to these businesses. Failure to meet this goal deprived women-owned businesses of over \$2 billion in contracting dollars. Through the Women's Procurement program, women-owned small businesses are eligible for contracts in 83 industries that have historically had underutilization of women-owned businesses. However, since its inception, the program has faced obstacles as it took over a decade to adopt rules that would put the program into effect.

While its implementation was great progress, it by no means fixed the inequity that exists as the Women's Procurement program continues to lag behind. Simply put, contracting officers lack the options under this program that exist under other programs. To address these issues, H.R. 2452, the Women's Procurement Program Equalization Act of 2013 seeks to give federal agencies the tools to award more contracts to women-owned businesses.

Let me be clear. The bill does not create new tools solely for women-owned businesses, but rather allows contracting officers to use the tools that are currently available under existing programs, such as the HUBZone and 8(a) initiatives. The main issue here is about parity.

The disparity in the tools available to contracting officers to award contracts to women-owned businesses has limited the effectiveness of the program. In the last fiscal year, there were only 807 contracting actions worth \$40 million awarded through the Women's Procurement program. This amounts to only .0004 percent of dollars awarded to small businesses and only .0001 percent of eligible contracting dollars. The program has also been hindered by flaws in its certification process. Existing law has asked businesses

to certify their eligibility for the program and then be verified by the agency or third parties. With agency procurement officers acting as the certifiers, the certification process has become bogged down. These officials should be focused on awarding contracts to women-owned small businesses, not spending resources on an extensive certification process. To address this issue, the legislation puts SBA in charge of certifying participants. If unable to do so, the SBA may continue to approve third-party certifiers to carry out such responsibilities. Until we can ensure a uniform certification process, female business owners will never reap the full benefits of the Women's Procurement program.

We continually hear that what small businesses need most in this economy are customers. Well, our own federal government continues to be the largest customer that a small business can have, yet the federal marketplace remains largely untapped by women-owned businesses. Additionally, by ensuring that these businesses receive their fair share of contracting dollars, we could further increase job creation. If the 5 percent goal was met, women-owned businesses could create over 673,000 new jobs. Strengthening this initiative is critical to the almost 8 million women-owned businesses in the United States. Making up nearly 30 percent of all businesses across the country and generating \$1.2 trillion in revenue, they are a rapidly growing part of our national economic fabric. Ensuring that they have access to government contracts is essential for their continued growth and that is exactly what this bill will do.

Thank you, Mr. Chairman. I yield back.

Chairman GRAVES. Do any other members wish to be recognized for a statement on 2452.

Mr. BARBER. Mr. Chairman, I move to strike the last word.

Chairman GRAVES. Go ahead.

Mr. BARBER. I want to thank Ranking Member Velázquez for introducing this important legislation, and I am proud to cosponsor the bill which provides additional support to women business owners in their efforts to make contracts or have contracts with the Federal Government.

We can and must do better. We have a goal for women-owned businesses under the law which we are not meeting, and we have to do better to bring women-owned businesses into contracts with federal agencies. Women-owned businesses are a critical part of the economy in my Southern Arizona district, and of course, nationwide. And the steps we take to help these small businesses will boost the overall economy as we continue working to improve the jobs market. This bill gives procurement personnel the authority they need to expand the number of women-owned businesses being awarded contracts and allows the SBA to meet the goal of 5 percent.

I encourage my colleagues on both sides of the aisle to support and vote for this important bill.

Thank you, Mr. Chairman. I yield back.

Chairman GRAVES. Any other members wish to be recognized on H.R. 2452?

Seeing none, I do support 2452. I think the legislation does bring some parity among the SBA's contracting programs, and that is something this Committee has long supported.

So the Committee now moves to consideration of H.R. 2452.

Clerk, please report the title.

CLERK. H.R. 2452, to amend the Small Business Act with respect to procurement program for women-owned small business concerns and for other purposes.

Chairman GRAVES. Without objection, H.R. 2452 is considered read and open for amendment at any point.

Does anyone wish to offer an amendment?

Seeing none, the question is on agreeing to H.R. 2452.

All those in favor say aye.

All opposed votes no.

It is the opinion of the chair the ayes have it.

The ayes do have it.

H.R. 2452 is agreed to.

Without objection, a quorum being present, the bill is favorably reported to the House.

And without objection, again, the Committee staff is authorized to correct punctuation and make other necessary technical changes and conforming changes.

And with that, I thank everybody for coming back. And the markup is adjourned.

[Whereupon, at 4:28 p.m., the Committee was adjourned.]

## APPENDIX

PAUL W. DIEDERICH, President  
 ALAN L. LANDES, Senior Vice President  
 CHARLES L. GRECO, Vice President  
 WM. BRIAN BURGETT, Treasurer  
 STEPHEN E. SANDHERR, Chief Executive Officer  
 DAVID LUKENS, Chief Operating Officer

**AGC of America**  
 THE ASSOCIATED GENERAL CONTRACTORS OF AMERICA  
 Quality People. Quality Projects.



February 25, 2014

Chairman Sam Graves  
 House Committee on Small Business  
 2361 Rayburn House Office Building  
 Washington, D.C. 20515

Ranking Member Nydia Velazquez  
 House Committee on Small Business  
 B343 Rayburn House Office Building  
 Washington, D.C. 20515

Dear Chairman Graves and Ranking Member Velazquez,

On behalf of the Associated General Contractors of America and its over 25,000 members—more than 80 percent of which are small businesses of 20 or fewer employees—I thank you for scheduling a mark-up for bills important to small business construction contractors. AGC supports your efforts to move legislation that prohibits reverse auction procurement of construction services, encourages federal agencies to unbundle large contracts, and helps prevent surety fraud.

The Common Sense Construction Contracting Act, H.R. 2751, would prohibit federal agencies from procuring small business construction services through reverse auctions. While reverse auction procurement make sense for simple commodities, like pens, it does not make sense for complex and variable construction services projects. The U.S. Army Corps of Engineers—the largest federal construction agency—has testified before your Committee on at least two occasions underscoring that fact after its failed experiments with reverse auctions for construction services in 2004 and 2008.<sup>1</sup> In addition, a recent Government Accountability Office report found that federal agencies conducted over 3,600 reverse auctions where *only* one vendor participated and submitted *only* one bid.<sup>2</sup> By prohibiting reverse auctions for construction services, H.R. 2751 will help encourage more small business competition and better prices to taxpayers.

The Contracting Data & Bundling Accountability Act of 2014 (bill number pending) would require the U.S. Small Business Administration to work with the other agencies to create and implement a data quality improvement plan to promote greater accuracy, transparency and accountability in the reporting of contract bundling and consolidation. By bundling contracts, agencies ease the burden of their contract administration at a cost of reduced small business participation and competition in general. Congress has passed multiple laws over the last 16 years to stem contract bundling, however contracting bundling has increased. As such, this bill will help Congress provide better oversight through the collection of better data.

The Security in Bonding Act of 2013, H.R. 776, would help stem fraud and provide financial stability in the surety marketplace that is essential to federal construction projects for both agencies and contractors. By eliminating future instances where individual surety bonds are pledged with insufficient or illusory assets, H.R. 776 would help level the playing field for all contractors when it comes to surety choices and better protect government from the risk of default.

Thank you again for scheduling this mark-up on these important bills to the construction industry.

Sincerely,

Stephen E. Sandherr  
 Chief Executive Officer

cc: House Committee on Small Business

<sup>1</sup> Major General Ronald L. Johnson, Testimony before the House Small Business Committee, March 6, 2008 *available at* <http://www.gpo.gov/fdsys/pkg/CHRG-110/hrhg39791/html/CHRG-110/hrhg39791.htm>; Engineering and Construction Chief of the USACE James C. Dalton, Testimony before the House Small Business Committee, May 23, 2013 *available at* [http://smallbusiness.house.gov/uploadedfiles/5-23-2013\\_dalton\\_testimony.pdf](http://smallbusiness.house.gov/uploadedfiles/5-23-2013_dalton_testimony.pdf). See also U.S. Army Corps of Engineers, FINAL REPORT ON THE USACE PILOT PROGRAM ON REVERSE AUCTIONING (2004) *available at* <http://doss.house.gov/meetings/VR/VR08/20131211/101557/HHRG-113-YR08-Wstate-CarN-20131211.pdf>  
<sup>2</sup> Government Accountability Office, REVERSE AUCTIONS: GUIDANCE IS NEEDED TO MAXIMIZE COMPETITION AND ACHIEVE COST SAVINGS (2013) *available at* <http://www.gao.gov/assets/660/659530.pdf>



★ WASHINGTON OFFICE ★ 1608 "K" STREET, N.W. ★ WASHINGTON, D.C. 20006 ★  
(202) 263-2986 ★

March 4, 2014

Honorable Nydia M. Velázquez  
United States House of Representatives  
2302 Rayburn House Office Building  
Washington, DC 20515

Dear Congresswoman Velasquez,

On behalf of the 2.4 million members of The American Legion, I would like to express our support for your amendment to H.R. 2882, which would authorize the appropriation of \$15 million each fiscal year for veteran small business verification by the Small Business Administration.

Stable funding for this program is crucial as it will take time and money to effectively transition this endeavor. Business owners who make the investment to participate in the federal marketplace deserve a sense of certainty that the program will function reliably. Current language allows for possible delays in implementation and lapses in funding if the SBA and VA are unable to come to an agreement in a Memorandum of Understanding. Veteran-owned businesses must not be allowed to become a bargaining chip simply because agencies fail to work out their differences.

In the past, we have seen that programs that are not properly funded are susceptible to fraud, allowing ineligible firms to receive millions in contracting dollars. Other contracting ventures such as the HUBZone and 8(a) programs have received appropriations. The American Legion believes that the veterans program should not be treated differently.

Many veteran-owned businesses have already been left out of the VA verification process due to the problems in said process. Therefore, The American Legion believes that Congress should do everything in its power to ensure that eligible businesses are able to compete in the marketplace, rather than potentially being left out due to an unwillingness to invest in the future of veteran-owned businesses.

Again, The American Legion supports and applauds your leadership in addressing this issue facing our nation's veteran business owners.

Respectfully,

  
DANIEL M. DELLINGER  
National Commander

THE AMERICAN INSTITUTE OF ARCHITECTS



February 25, 2014

The Honorable Sam Graves  
U.S. House of Representatives  
1415 Longworth HOB  
Washington, DC 20515

The Honorable Nydia Velazquez  
U.S. House of Representatives  
2302 Rayburn HOB  
Washington, DC 20515

Dear Representatives Graves and Velazquez:

On behalf of the American Institute of Architects (AIA) and its over 83,000 members, we want to thank you for your leadership on small business issues.

Our members are overwhelmingly small firms. Over 97 percent qualify as small businesses under the current architecture size standard. Therefore, we commend you for your continued commitment to improving federal procurement of architectural services as the design and construction sector slowly climbs out of the depths of the recession.

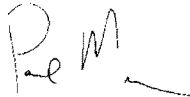
The AIA supports the Greater Opportunities for Small Business Act of 2014 with the adjustment to the subcontracting goal to 25 percent in Rep. Graves'. The change from 23 percent to 25 percent will allow small architectural firms to continue to grow their businesses in the federal market. As many architecture firms are small businesses, any assistance for these entrepreneurs to gain access to the federal market will help firms grow as the economy recovers.

The AIA supports the Common Sense Construction Contracting Act (H.R. 2751), which will prohibit agencies from using reverse actions in construction contracts. Construction is a complicated process that requires specialized skills and education. When agencies use reverse auctions, they do not allow for the industry to find the best price. Instead, reverse auctions forces small businesses to focus on the lowest price—often to the detriment of the business. Reverse auctions force small business out of the federal construction market. H.R. 2751 eliminates this practice, while continuing to encourage small businesses to participate in the federal market.

Page 2  
Representatives Graves and Velazquez February 25, 2014

The AIA urges you to schedule a mark-up on these important issues. The AIA is ready to work with you to advance these bills through the House to provide architects and other small businesses more opportunities in the federal marketplace.

Sincerely,

A handwritten signature in black ink, appearing to read "Paul Mendelsohn". The signature is stylized with a large "P" and "M".

Paul Mendelsohn, Hon. AIA  
Vice President, Government and Community Relations  
The American Institute of Architects

cc: The House Small Business Committee



March 3, 2014

The Honorable Sam Graves  
Chairman  
Committee on Small Business  
U.S. House of Representatives  
2361, Rayburn House Office Building  
Washington, D.C. 20515

The Honorable Nydia Velazquez  
Ranking Member  
Committee on Small Business  
B343 Rayburn House Office Building  
Washington, D.C. 20515

Dear Chairman Graves and Ranking Member Velazquez:

On behalf of the American Subcontractors Association, Inc., thank you for scheduling a mark up on important legislation that will improve federal procurement of construction: H.R. 776, the "Security in Bonding Act"; H.R. 2751, the "Common Sense Construction Contracting Act"; and H.R. 4094, the "Contracting Data and Bundling Accountability Act."

ASA is a national trade association representing subcontractors, specialty trade contractors, and suppliers in the construction industry. ASA members work in virtually all of the construction trades and on virtually every type of horizontal and vertical construction. ASA members frequently contract directly with the Federal Government. More often, they serve as subcontractors dealing with the Federal Government through a prime contractor. More than 60 percent of ASA members are small businesses.

ASA strongly supports H.R. 776, which would increase the number of small business concerns that can be helped by SBA's Surety Bond Guarantee Program and improve payment assurances to construction subcontractors and suppliers on federal construction. SBA has made marked strides to improve the application process for surety bonds provided under the SBG Program. However, ASA believes that the Program could be further enhanced by enactment of H.R. 776, which would increase to 90 percent the guarantee offered to participating sureties.

AMERICAN SUBCONTRACTORS ASSOCIATION, INC.  
1004 Duke Street, Alexandria, VA 22314-3588  
Phone: (703) 684-3450 Fax: (703) 836-3482  
E-mail: [CNelson@asa-hq.com](mailto:CNelson@asa-hq.com) Web: [www.asaonline.com](http://www.asaonline.com)



In addition, H.R. 776 would help address one of the principal obstacles to small business participation on Federal Government procurement – concern that payment for work performed will not be forthcoming – by applying to individual sureties the same standards currently permitted by the Miller Act (31 U.S.C. 9303) for a prime contractor choosing to furnish “eligible obligations” rather than a surety bond. It is designed to deter those individual sureties who succumb to the temptation to misrepresent the assets being pledged in support of the surety bonds that they are furnishing. When H.R. 776 becomes law, Federal contracting officers will be able to have certainty that the assets pledged by an individual surety are real, sufficient in amount, and readily available should any payment claims arise. Further, construction subcontractors and suppliers will have confidence that the bonds furnished by the individual surety will provide the payment protection of last resort intended by the Miller Act.

ASA also strongly supports H.R. 2751, which would prohibit the use of reverse auctions for construction services when a contract is suitable for award to a small business, or when the procurement is made using a small business program. Under a reverse auction, prospective contractors compete by bidding against each other, usually over the Internet, by submitting successively lower-priced bids during a specified bid period, usually about one hour. Electronic reverse auctions have brought ever greater efficiency to the abhorrent practice of “bid shopping” in the construction industry. Bid shopping occurs when an owner or prime contractor divulges the general contractor’s or subcontractor’s bid to secure a lower bid from a competitor. Further, in the rapid electronic reverse auction environment, bidding may move too fast for a contractor to rapidly reassess either the way it would do the work or its costs. An imprudent low bid may be detrimental to everyone, including the government owner, if the winning contractor is forced to make performance or financial decisions that will increase the ultimate cost of construction, as well as its long-term operation and maintenance.

Finally, ASA supports H.R. 4094, which would help the Executive Branch, the Congress and small business advocates better evaluate the impact of contract bundling on small business participation in the federal contracting process.

Thank you again for your work to improve the procurement of construction in the federal market.

Sincerely yours,

/s/ E. Colette Nelson

E. Colette Nelson  
Chief Advocacy Officer

AMERICAN SUBCONTRACTORS ASSOCIATION, INC.  
1004 Duke Street, Alexandria, VA 22314-3588  
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March 4, 2014

Washington Office  
101 Constitution Ave., N.W.  
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The Honorable Sam Graves  
Chairman  
House Small Business Committee  
2361 Rayburn Building  
Washington, D.C., 20515

The Honorable Nydia Velazquez  
Ranking Member  
House Small Business Committee  
B343 Rayburn Building  
Washington, D.C., 20515

Dear Mr. Chairman:

Dear Congresswoman Velazquez:

I am writing on behalf of the 144,000 members of the American Society of Civil Engineers (ASCE) in support of Committee passage of **H.R. 2751, the Commonsense Construction Contracting Act of 2013**, during the markup planned for March 5. We do request an amendment to clarify the scope of engineering design services to be subject to the prohibition on reverse auctions.

Reverse auctions for engineering services are contrary to the time-tested requirements of the Brooks Architect-Engineers Act of 1972, 40 U.S.C. §§ 1101-1104. That Act requires that all engineering design contracts be awarded using the qualifications-based selection (QBS) procedures spelled out in the Act. The QBS process requires that the government award a design contract to the most qualified engineer, ensuring that the public will receive a high-quality project at a reasonable cost under the competitive negotiation process. Forty-six states, including Missouri and New York, follow a similar process for engineering design procurements for state projects.

We urge the Committee to work with the A/E profession to clarify the definition of A/E services to more clearly limit the scope of the bill to engineering services covered under the requirements of the Brooks A/E Act and FAR part 36.6 and to potentially eliminate the use of reverse auctions on all federally funded design projects. ASCE would be pleased to support H.R. 2571, as amended above. Thank you very much for assisting the engineering profession in this matter.

In the meantime, if we can be of any further support to the Committee, please do not hesitate to contact me at [bpallasch@asce.org](mailto:bpallasch@asce.org) or at 202-789-7842.

Sincerely,

Brian Pallasch, CAE  
Managing Director  
Government Relations and Infrastructure Initiatives



Independent Electrical Contractors  
 4401 Ford Avenue, Suite 1100  
 Alexandria, VA 22302  
 Ph 703.549.7351 ■ 800.456.4324 ■ Fx 703.549.7448  
[www.ieci.org](http://www.ieci.org)

March 4, 2014

The Honorable Sam Graves  
 Chairman  
 Committee on Small Business  
 U.S. House of Representatives  
 Washington, DC 20515

The Honorable Nydia Velázquez  
 Ranking Member  
 Committee on Small Business  
 U.S. House of Representatives  
 Washington, DC 20515

Dear Chairman Graves and Ranking Member Velázquez:

On behalf of the Independent Electrical Contractors (IEC), a national trade association composed of 55 chapters with more than 3,000 members, I thank you for scheduling today's markup of legislation to improve the federal construction procurement process. IEC supports this Committee's efforts to address longstanding obstacles to efficient and cost-saving procurement of construction services such as reverse auctions and surety bond fraud. Combined, today's bills slated for markup will save valuable taxpayer dollars and ensure better competition for federal contracts.

The Common Sense Construction Contracting Act of 2013 (H.R. 2751) would prohibit federal agencies from procuring small business construction services through reverse auctions. Reverse auctions are particularly challenging for IEC members as there are currently no federal laws or regulations governing this process for complex projects such as building construction. While reverse auctions may drive down the price of project as competitors undercut each other, this can come at the risk of reduced competition and a potential lowering of quality of work. Construction contractors – particularly small businesses – are placed at a particular disadvantage in this fast-moving process as they must assess the impact of lowering project bids on their subcontractors, suppliers, etc. in a short time. By prohibiting reverse auctions for construction services, H.R. 2751 will help ensure a more level competition process for smaller construction contractors and enhance overall project quality and safety.

The Security in Bonding Act of 2013 (H.R. 776), also under consideration by the Committee today, would bring much-needed oversight and accountability to the surety marketplace that is essential to federal construction projects for both agencies and the construction industry. H.R. 776 would require individual sureties to pledge only legitimate, tangible, and verifiable assets and to place them in the custody of the federal government, reducing the possibility that individual surety bonds are pledged with illiquid or insufficient assets which are shouldered by taxpayers and small businesses. This would help protect the federal government from financial risk associated with fraudulent sureties and ensure small businesses and subcontractors which provide goods and services on a contract will not need to worry about the integrity of their payment remedy.

---

*The association for electrical and systems contractors*

In addition, though not scheduled for markup today, we urge the Committee to continue its efforts to advance legislation to reform design-build procurement. Federal agencies currently over-rely on one-step design-build procurements and allow more than five finalists in the second-step of two-step design-build competitions. By permitting an unreasonably high number of companies to compete in the final stages of the design-build bid process, current approaches discourage qualified design-build teams from participating, due to the high cost that must be incurred and low return on investment in producing detailed designs and technical proposals, when balanced against the decreased odds of being awarded the final contract. The Design-Build Efficiency and Jobs Act of 2013 (H.R. 2750) would help address these issues by limiting both single-step design-build procurements and the second-step of two-step design-build to three to five teams to promote greater competition by more qualified competitors.

IEC commends and thanks you for your leadership in improving the federal procurement process and for advancing this important legislation.

Sincerely,

A handwritten signature in black ink, appearing to read "Alexis Moch", with a stylized flourish at the end.

Alexis Moch  
Vice President, Government Affairs  
Independent Electrical Contractors

March 4, 2014  
SBC Staff Delivery Assistance Requested Via Email

Chairman, House Small Business Committee  
Washington, D.C. Office  
1415 Longworth HOB  
Washington, D.C. 20515

Dear Congressman Sam Graves:

Subject: **March 5, 2014 Mark-up; H.R. 2452, "Women's Procurement Equalization Act of 2013"**

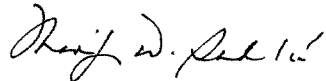
My small, information technology consulting business, Maralina Corporation, and other similarly-situated economically-disadvantaged women-owned small businesses (EDWOSBs) such as mine are focussed on creating STEM jobs to stimulate our Country's economic growth. The federal government buys in substance what we sell – but not from us. We are facing insurmountable challenges as we try to participate in the federal government marketplace in industries determined by the Small Business Administration to be underrepresented and substantially underrepresented by women-owned small business entities.

As a member of the Policy Forum of the U.S. Women's Chamber of Commerce and as the Chair of the STEM Scholarship Committee of the National Defense Industrial Association (NDIA) Aberdeen Proving Ground (APG) Chapter, I am personally and respectfully asking for your vote and that of your Committee's for the non-partisan Subject HR2452, scheduled for your full Committee mark-up tomorrow. As you know, "[t]he bill authorizes federal contracting officer's authority to award a sole source contract to any economically disadvantaged women-owned small business if: (1) the small business is determined to be responsible and the contracting officer does not expect two or more of such businesses to submit offers; (2) the anticipated contract price will not exceed \$6.5 million in the case of a manufacturing contract, or \$4 million in the case of all other contracts; and (3) the contract can be made at a fair and reasonable price. Provides identical contracting authority for women-owned small businesses in substantially underrepresented industries." SBA's determination of the underrepresentation and substantial underrepresentation of women-owned small business entities in 83 industry NAICS codes is arguably a true measure of *social* disadvantage of women-owned small business entities in these industries.

The reason why sole source is so important for EDWOSB entities in underrepresented and EDWOSB/WOSB entities in substantially underrepresented industries is that many of us do not have current experience in federal government programs and without such current experience we are unable to qualify for GSA Schedules or funded subcontracts, the two main pathways for the federal government to reach small businesses. It is for this pressing need that we now ask for fair treatment from our federal government similar to that currently provided to other socially and economically disadvantaged business owners.

Thank you for your consideration of our petition for your favorable vote and that of your Committee's on HR2452 at your full Committee meeting tomorrow.

Very respectfully,



Marilyn W. Andrulis, PhD (engineering)  
President and CEO  
(703-508-7453)  
[mwa@maralina.com](mailto:mwa@maralina.com)

cc: Margot Dorfman, CEO, US Women's Chamber of Commerce



IMMEDIATE RELEASE: Wednesday February 26, 2014

## **MBRT Supports Legislation to Increase Federal Prime Contracting Goals from 23% to 25% and Subcontracting from 35.9% to 40% to Create More Jobs and add \$10 Billion to U.S. Economy**

- **MBRT calls on Senate and House Leaders to pass legislation to create more contracting opportunities for America's small businesses**
- **Raising the goals will prioritize small business federal contracting as a means to grow the U.S. economy and create jobs**
- **Urges a minimum 2% increase amounting to \$10 Billion in federal procurement**
- **Legislation will bring more transparency and accountability on data to identify bundling of larger federal contracts that reduce opportunities**

Washington, D.C. – "We commend Chairman Sam Graves (R-MO) of the House Small Business Committee who today introduced legislation that will help small, minority, veteran and women federal contractors win more opportunities and create jobs in local communities nationwide", said Roger A. Campos, President & CEO. "The federal government should lead by example for local and state governments to focus on spending more with small and minority businesses."

"...By increasing the federal-wide goal for contracts to small businesses, and requiring greater accuracy, transparency and accountability in contract bundling and consolidation, we make it easier for small businesses to enter this marketplace and compete for contracts...", said Chairman Graves.

### **About the Minority Business RoundTable:**

The Minority Business RoundTable is the only national non-profit organization for CEOs of the nation's leading African-American, Asian-American, Hispanic-American, Native-American and other minority-owned businesses. Its members analyze and help formulate effective public policies that impact minority-owned business. Our corporate members work to create sustainable communities and national economic viability through successful partnerships.



**Taking your minority business to another level**

1629 K Street, N.W. Suite 300  
Washington, DC 20006  
Phone: 202-289-8881 [www.mbrt.net](http://www.mbrt.net)



The Minority Business RoundTable is proud to have Mastercard, Johnson & Johnson, Glaxco Smith Kline, National Cable & Telecommunications Association, Equifax, the Allegis Group and Aerotek, Inc., IMPAC Real Estate Holdings, and other partners, U.S. Small Business Administration, U.S. Department of Energy, Securities and Exchange Commission, U.S. Department of Commerce, Minority Business Development Agency and other federal agencies, corporations and business trade groups as strategic partners. For more information on the Minority Business RoundTable, please visit [www.mbrt.net](http://www.mbrt.net).

# # #

Minority Business Roundtable

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**Taking your minority business to another level**

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IMMEDIATE RELEASE: Wednesday February 26, 2014

## **MBRT Supports Legislation to Increase Federal Prime Contracting Goals from 23% to 25% and Subcontracting from 35.9% to 40% to Create More Jobs and add \$10 Billion to U.S. Economy**

- **MBRT calls on Senate and House Leaders to pass legislation to create more contracting opportunities for America's small businesses**
- **Raising the goals will prioritize small business federal contracting as a means to grow the U.S. economy and create jobs**
- **Urges a minimum 2% increase amounting to \$10 Billion in federal procurement**
- **Legislation will bring more transparency and accountability on data to identify bundling of larger federal contracts that reduce opportunities**

Washington, D.C. – "We commend Chairman Sam Graves (R-MO) of the House Small Business Committee who today introduced legislation that will help small, minority, veteran and women federal contractors win more opportunities and create jobs in local communities nationwide", said Roger A. Campos, President & CEO. "The federal government should lead by example for local and state governments to focus on spending more with small and minority businesses."

"...By increasing the federal-wide goal for contracts to small businesses, and requiring greater accuracy, transparency and accountability in contract bundling and consolidation, we make it easier for small businesses to enter this marketplace and compete for contracts...", said Chairman Graves.

### **About the Minority Business RoundTable:**

The Minority Business RoundTable is the only national non-profit organization for CEOs of the nation's leading African-American, Asian-American, Hispanic-American, Native-American and other minority-owned businesses. Its members analyze and help formulate effective public policies that impact minority-owned business. Our corporate members work to create sustainable communities and national economic viability through successful partnerships.



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# # #

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March 4, 2014

Honorable Sam Graves  
Chairman  
Committee on Small Business  
US House of Representatives  
2361 Rayburn Building  
Washington, DC 20515

Dear Chairman Graves,

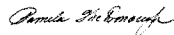
I am writing in support in support of H.R. 4121, legislation that provides various additions and clarifications to the Small Business Act's Small Business Development Center program – a national network that assists America's small businesses.

This legislation offers clarity with respect to the role of the SBDC program by making operational changes in the area of client confidentiality restricting state, local and federal government from accessing this confidential information.

Given the fact that SBDCs are required to have a 75% cash match for every dollar they receive, clarification in the area of SBDC's ability to market and seek outside sponsorship of counseling activities and events is long overdue. Expanding the reach of the Centers through new private sector partners allows them to also seek new client referrals from these partners.

The NORBIC SBDC and its members in Cook and Collar Counties in Illinois support the work of your committee to make our work more efficient and effective. We support favorable consideration of H.R. 4121.

Sincerely,



Pam McDonough  
President

Cc: Congressman Brad Schneider

**Statement of**  
**THE SURETY & FIDELITY ASSOCIATION**  
**OF AMERICA**

**U.S. House Committee on Small Business**



**March 5, 2014**

**1101 Connecticut Ave., NW, Suite 800**  
**Washington, DC 20036**  
**Phone: (202) 463-0600; Fax: (202) 463-0606**  
**Website: <http://www.surety.org>**

The Surety & Fidelity Association of America is a non-profit corporation whose member companies collectively write the majority of surety and fidelity bonds in the US. SFAA is a licensed rating or advisory organization in all states and is designated by state insurance departments as a statistical agent for the reporting of fidelity and surety experience.

SFAA supports H.R. 776, the Security in Bonding Act, scheduled for markup, which increases the bond guarantee to 90 percent in the SBA Surety Bond Guarantee Program. While not part of the mark up, the individual surety provisions of H.R. 776 are needed to stem fraud and provide financial certainty to the assets that support individual surety bonds to ensure those assets pledged are real, sufficient and easily convertible to pay valid claims and to protect the federal government and small businesses working as subcontractors and suppliers on federal construction projects.

#### **Background on the SBA Surety Bond Guarantee Program**

The SBA Bond Program provides surety bond companies with partial repayment of losses from bonds that they would not ordinarily write for less qualified small and emerging contractors. The purpose of the SBA Bond Program is to obtain surety bonds for small and emerging contractors so that they can develop a track record of success. As these contractors grow and establish themselves, they then already have a relationship with a surety company. This surety company then can provide the bonds they need as government contractors, either with or without the SBA's bond guarantee. The goal of the SBA Bond Program is to graduate contractors into the standard surety market, making the SBA bond guarantee funds available for new small and emerging contractors.

It is essential to understand why this is important. For most public construction projects, contractors are required to provide surety bonds to the government. These bonds guarantee that the contractor will perform the work and will pay the subcontractors, suppliers and workers on the project. Since the surety will be required to pay if the contractor cannot perform its contract and pay its bills, a surety carefully examines the contractor's capability, experience and financial situation when determining whether or not to put its own financial wherewithal behind the contractor. Establishing a track record and building capital is a challenge for small and emerging contractors. Therefore, in order to assist these small businesses to obtain work on public projects, the federal government determined that it would act as a reinsurer for sureties willing to write bonds for these contractors.

As the SBA Bond Guarantee Program has evolved, there are two plans under which sureties can participate in the Program. The Prior Approval Program (Plan A) was the original SBA bond guaranty program. In this program, the surety must obtain SBA approval for each bond prior to writing the SBA guaranteed bond. The SBA maximum indemnification of the surety's loss as a result of a bond claim in Plan A is 80%, and 90% for bonds written for socially and economically disadvantaged contractors and bonds written for contracts under \$100,000. The second program is the Preferred Surety Bond Program (Plan B). Under this plan, sureties apply to participate, submitting information up front on their underwriting practices and financial strength. Once a surety becomes a participant in Plan B, it is given an aggregate limit of bonds that it can write within the Program. As long as the surety complies with all of the requirements of Plan B, all bonds written within the Program qualify for reimbursement of losses. The SBA

does not review or approve each individual bond before it is written and the guarantee attaches. In Plan B the surety receives a maximum 70% indemnification.

#### **Why the Bond Provision in H.R. 776 is Needed Now**

Over the years, surety participation in the SBA Bond Guarantee Program (SBA Bond Program) has ebbed and flowed. One primary driver is the economy, which includes the profitability of the surety industry and the appetite for bonding small and emerging contractors. The SBA's current data shows that most of the bonds it guarantees come from the Prior Approval Program, which has the higher bond guarantee. In the past in better economic times, the Preferred Surety Program accounted for over 50% of SBA Bond Program's premiums, which now is less than 15%. In this economy, taking this additional risk for such a low guarantee is not fiscally sound.

Another factor of change in participation in the SBA Bond Program is the administration of the program. Increases in the SBA's fees to sureties for participation and some internal problems have discouraged some sureties from participation in the SBA Bond Program, and caused others that do still participate to limit their participation. In recent years, however, the SBA has made changes to improve the functioning and the appeal of the Program, such as improving its application process and procedures, its response time to claims and expanding the Program's reach to include design-build contracts. Most recently, the SBA created a system to fast track bonding applications for \$250,000 or less. The bottom line still is that the SBA Bond Program no longer makes financial sense to many sureties.

If Congress increases the SBA's maximum bond guarantee under H.R. the results likely will be the same as when Congress increased the maximum guarantee in the SBA loan programs. In the 111<sup>th</sup> Congress, the SBA's appropriations bill included \$125 million to continue enhancements made to the SBA's 7(a) and 504 loan programs in February 2009. The SBA was allowed to eliminate fees on 7(a) and 504 loans, the maximum government guarantee to banks that make these loans was increased to 95% and the maximum loan that could be guaranteed was increased from \$2 million to \$5 million. These enhancements to the loan program led to an immediate nationwide increase in lending. In June 2010, the SBA reported that its weekly dollar volume of SBA-backed loans had risen 90% in its 7(a) and 504 loan programs during the period of February 17, 2009, until April 23, 2010. In October 2011, SBA reported that in fiscal year 2011, the SBA supported \$30.5 billion (61,689 loans), a return to pre-recession levels. This demonstrates that the increase in the maximum SBA bond guarantee under H.R. 776 would go a long way in making participation in the SBA Preferred Surety Program more attractive again.

It is clear that an increase in the guarantee amount and the reduction or waiver of fees increases participation in government guarantee programs. Such reforms should be implemented in the SBA Bond Program to provide a boost to the bonding program.

#### **Why Congress Needs to Act Now**

The SFAA believes that the SBA Bond Program is vital to the growth of small and emerging contractors in America. One, well-run Surety Bond Program assures consistency of participation

requirements and administrative procedures. Without the SBA Bond Program, many federal agencies may initiate their own program to assist small and emerging contractors. Some already have done so. States also have begun this process. Duplicative efforts among federal and state agencies waste time and resources that should instead be used to help small businesses.

Congress has and continues to express its support for the SBA Bond Program. After Hurricane Katrina, Congress first looked at temporary increases in the maximum amount of the bond that SFAA is permitted to guarantee. The SBA's maximum bond guarantee was increased for two years under the American Recovery and Reinvestment Act of 2009. In 2012, Congress enacted legislation that permanently raises the maximum amount of the bond that the SBA can guarantee from \$2 million to \$6.5 million and prevents the SBA from unraveling bond guarantees made with the SBA's prior approval. Another new provision permits the SBA to guarantee a bond up to \$10 million if a contracting officer of a federal agency certified that such a bond guarantee is necessary. The SBA made the higher bond guarantees available soon after the law become effective.

The President also issued a waiver from rescission from the unobligated funds from the American Recovery and Reinvestment Act (ARRA) for certain programs, including the SBA Bond Guarantee Program. This left \$15 million in the Surety Bond Guarantees Revolving Fund. The President's order states that the retention of these unobligated balances will allow the executive agencies to continue to execute projects vital to the national interest in a fiscally responsible manner.

Enactment of H.R. 776 is another logical and necessary step in the process towards the SBA Bond Program reaching its potential in assisting small contractors.

#### **Why the SBA Bond Provision in H.R. 776 Makes Sense**

H.R. 776 would enhance the SBA Bond Program just the way the SBA loan programs were enhanced when needed in the economic downturn. This can be done right now for the SBA Bond Program with no additional cost. It does not make sense that the SBA Bond Program should be operating at less than full capacity now, at a time when small and emerging contractors need help all the more. Congress has acted to assist small and emerging contractor obtain the needed loans for construction projects and it only makes sense to enhance the SBA Bond Program to assist them in like manner with the required bonding as well.

#### **H.R. 776 also is a key tool in eliminating fraud, increasing the effectiveness of federal procurement and helping small contractors obtain government contracts**

Every contractor that bids and obtains a federal construction contract must secure its obligations under that contract. The most common form of security is a surety bond from a surety insurance company.

Over the years what originally may have been a viable option to a surety bond for securing obligations to the federal government has not kept up with the changes in federal procurement and the economy. H.R. 776 would ensure that all security pledged to the federal government to

secure an obligation is functionally equivalent, whether such assets pledged in lieu of a corporate surety are from the contractor or an individual surety on behalf of the contractor.

#### **Background on Individual Sureties in the Federal Procurement Process**

Under current federal law and regulations, construction contractors for the federal government have three options for securing their obligations. They can obtain a surety bond from an insurance company that is vetted and approved by the U.S. Department of Treasury and licensed by a state insurance regulator. In lieu of a bond, contractors can pledge and deposit assets with the federal government until the contract is complete. Only assets backed by the federal government can be pledged. The third option permits individuals to pledge their assets to back the contractor. These individuals are called “individual sureties.” Only individual sureties are permitted to pledge assets not backed by the federal government. In fact, individual sureties are allowed to pledge stocks, bonds, and real property, and also are not required to deposit such assets with the federal government for the duration of the contract. All individual sureties need to give federal contracting officers is a document listing the assets and their value and representing that they are pledged in an escrow account to secure the contractor’s obligations.

The original concept of an individual surety was a person with sufficient wealth that was willing to pledge his/her assets as security to the federal government if the contractor was awarded a federal construction project. Such individual sureties knew the contractor that they were backing personally. The individual surety many times was a relative or close acquaintance of the contractor. All the individual surety needed to do was provide a sworn affidavit, verified by another party, that his or her net worth was sufficient to cover the contractor’s bond obligations.

As the economy developed, the vast majority of bonds were provided by corporate insurers, and people who were providing individual surety bonds based on sworn affidavits began to do so for profit. They were individuals who were in the business of being an individual surety and were unknown or unrelated to the contractor providing the bond. Increasingly, the affidavits of such individual sureties were backed by insufficient and illusory assets and claims on the bond went unpaid. In 1990, the Federal Acquisition Regulation (FAR) was amended in an attempt to correct these abuses. The FAR now requires that individual sureties pledge specific assets in an escrow account at a federally insured financial institution equal to the penal amount of the bond. The affidavit that individual sureties now provide must include a specific description of the assets pledged, and represent that they are not pledged for other bonds. These rules, however, have not solved the problem of illusory and insufficient assets.

#### **Why the Individual Surety Provision in H.R. 776 is Needed Now**

The individual surety concept has evolved over time from an uncompensated individual who was known to the contractor into an independent third party who agrees to post assets for the contractor for profit. While it may have made sense decades ago to permit individual sureties to post a variety of assets—real estate, stocks, bonds—it no longer makes sense in the current context of individual sureties as persons unknown to the contractor who pledge assets that are often non-existent or hard to value, fluctuate in value or are impossible to liquidate to pay claims. As noted above, in 1990, the FAR was amended to tighten the requirements for assets pledged by



individual sureties in response to fraud. Those amendments did not solve the problem. The assets that individual sureties can pledge to the federal government continue to be problematic.

Contracting officers today face significant challenges in enforcing the existing requirements. They are presented lists of assets pledged that include assets that are not in an escrow account, are hard to verify, hard to value, that fluctuate in value, and that would be hard to liquidate if needed upon default. It is often difficult to determine whether the individual surety actually owns the assets, and whether the individual surety is pledging the assets for just the project in question or whether the same assets have been pledged for many projects in different federal agencies. This remains a significant problem in federal construction projects.

After one individual surety filed for bankruptcy and the United States asked the court to declare his debts to it non dischargeable, the court found, “The Debtor knew that he was pledging the same properties as bond collateral multiple times, and yet he patently denied doing so on each Affidavit . . . the Debtor repeatedly pledged property he did not own in support of his surety bonds. Moreover the Debtor made those false statements in order to induce the United States to accept him as a surety.” (*United States v. Sears (In re Sears)*, Case No. 09-11053, Adv.Proc. No. 09-1070 (Bankr.S.D.Ala. February 16, 2012)).

Under H. R. 776 federal contracting officers no longer will have to attempt to determine whether the assets that individual sureties pledge exist, are owned by the individual surety, and are worth the actual value claimed. Just like the assets that the contractor must pledge, the assets that individual sureties pledge will have to be eligible obligations as determined by the US Treasury, and handed over to the federal government and held and scrutinized in the same manner.

#### **Why Congress Should Act Now**

The general contractor on federal construction projects is required to provide performance and payment bonds for the protection of the taxpayers and subcontractors, suppliers and workers on the job. If the general contractor's bonds are backed by supposed assets of an individual surety that in fact do not exist, are difficult to verify, or are not readily convertible into cash to pay the obligations of the general contractor in case of default, everyone on the project is left unprotected. Experience has shown that if the assets pledged are uncollectible, subcontractors, suppliers, and workers on the job are left with no payment remedy if the contractor fails to pay them. These potential claimants cannot place a lien on public property or seek redress from the federal government for not obtaining a meaningful bond. The federal government is left with unfunded expenses to complete the construction projects and the persons who furnished labor and materials are left unpaid.

For example, see judgments entered in *U.S. for the use of Fuller v. Zoucha*, C.A. No. 2:05-cv-325 (E.D.Cal.); *U.S. for the use of Norshield Security Products LLC v. Scarborough*, C.A. No. 8:09-cv-1349 (D.Md.); and *United States v. Sears (In re Sears)*, Case No. 09-11053, Adv.Proc. No. 09-1070 (Bankr.S.D.Ala. February 16, 2012).

Under federal law and regulations, a contractor pledging assets directly to the federal government is subject to far more stringent rules than an individual, acting for profit, who pledges his or her own assets to back the contractor for a fee.

Major contracting groups support H.R. 776 because it would create clarity and certainty in any collateral given to the federal government. There would be either a surety bond from a corporate surety vetted by the U.S. Treasury Department to do business with the federal government and licensed by a state regulator, or collateral provided to the designee of the Secretary of the Treasury by a contractor or individual surety in a readily identifiable form and value. All such collateral would be deposited with and vetted by the designee of the Secretary of the Treasury (currently the Federal Reserve Bank of St. Louis).

The uncertainty of the current system increases the cost to the federal government. First, individual sureties charge more for bonding than corporate sureties. Corporate surety rates are regulated by state regulators. No one regulates individual sureties. Second, if a contracting officer rejects an individual surety bond the resulting bid protest is costly and delays the project. Of course there also is the cost of attempting to track down and liquidate an asset if a claim must be made on the bond. This holds true for claimants under the payment bonds as well.

Individuals and small businesses working on a federal construction project—either as subcontractors, suppliers, or workers on the job—have no control over the general contractor's choice of security provided to the federal government, but they suffer the most harm financially if the provided security proves illusory. The result of H.R. 776 is that laborers, subcontractors, and suppliers on federal construction projects will know that adequate and reliable security is in place to guarantee that they will be paid.

#### **Why the Individual Surety Provision in H.R. 776 Makes Sense**

H.R.776 is just common sense. The security that stands behind every federal contractor's obligations to the federal government should be governed by the same rules. There should be either a corporate surety bond in place from a company approved by the U.S. Treasury and licensed by a state regulator, or assets with readily identifiable value pledged and relinquished to the federal government while the construction project is ongoing. The same rules should apply to the individual sureties that apply to any federal contractor that is securing obligations to the federal government.

It does not make sense to permit an individual surety to post collateral that the contractor could not post on its own behalf. H.R.776 would require the collateral that the contractor can post and that the individual surety can post on its behalf, to be equivalent. If individual sureties have the assets they claim, they could easily provide U.S. debt obligations and turn them over to the contracting officer for deposit for the duration of the construction project. The individual would earn interest on that obligation while it is in the custody of the federal government.

H.R.776 makes the government procurement process more effective and efficient in a way that saves government resources and taxpayer dollars, reduces fraud, and will have no additional costs.



## Veterans' Entrepreneurship Task Force (VET-Force)

1200 15<sup>th</sup> Street, N.W., Suite LL-100, Washington, D.C. 20036  
Tel: (202) 822-0011

February 27, 2014

The Honorable Sam Graves  
Chairman, House Small Business Committee  
2361 Rayburn House Office Building (RHOB)  
Washington, D.C. 20515

Subject: The VOSB and SDVOSB members of VET Force strongly support HR 2882

Dear Chairman Graves,

The Task Force for Veterans' Entrepreneurship (VET-Force) was organized in early 1999 to advocate for the development and passage of Public Law 106-50, the Veterans' Entrepreneurship and Small Business Development Act of 1999. VET-Force represents more than fifty organizations and 6,500 veteran and service disabled veteran owned businesses. Congress recognized that the United States must provide additional assistance to veterans, particularly service-disabled veterans, with creating and expanding their own small businesses, thereby assisting them to "realize the American dream that they fought so hard to protect." VET-Force advocates for the support of America's service disabled and Veteran owned entrepreneurial enterprises, as one way for Veterans to provide economic security and prosperity for their families and for their communities.

VET-Force aggressively supported PL 109-461 that established a VA Veterans First procurement policy and a process to verify the status of SDVOSB and VOSB enterprises. We hoped that it would establish a model for how federal agencies could increase contracting opportunities for veteran and service disabled veteran owned businesses. Unfortunately, VA CVE's regulation, 38 CFR 74, its implementation of this verification process, and interpretations of ownership and control has had unintended consequences including:

1. Created multiple standards for SDVOSB and VOSB ownership and control
2. Denies Veteran small businesses the ability to implement best business practices and realistic governance models due to VA CVE interpretations that ignore years of established small business case law
3. Artificially limits the ability of the Veteran Small Business Community to obtain financial and expert resources by elimination virtually all protection of minority ownership benefits and interest
4. Created an unnecessary adversarial environment between the Veteran Community and those sworn to fulfill President Lincoln's promise "To care for him who shall have borne the battle, and for his widow, and his orphan" by serving and honoring the men and women who are America's veterans.
5. Lacks an appeals process that has full independence and review by administrative law judges knowledgeable in Federal small business standards on ownership, control, and management.

To resolve the challenges created and improve the Government's ability to build a stronger SDVOSB, VOSB and Small Business industrial base, VET Force strongly recommends that the House Small Business

**VET-Force Page | 2**

Committee move forward with HR 2882 as currently written. It is our firm belief that these required legislative changes will:

1. Set a single Government-wide regulatory standard with established case law and predictable interpretations.
2. Support implementation of best practices and realistic Governance models
3. Enable improved access to capital and resources via balanced partnership agreements that provide adequate protection of minority ownership benefits and interests.
4. Capitalize on SBA's culture of assisting certification applications
5. Most important of all, HR 2882 provides due process and an independent process for ownership and control appeals adjudicated by administrative law judges and published case law.

HR 2882 removes artificial hurdles and corrects the unintended consequences of the current verification process. These changes are critical to successful growth of a viable Veteran Owned and Service Disabled Veteran owned small business industrial base and provide increased employment opportunities for our Veterans.

Sincerely,

A handwritten signature in black ink, appearing to read "Richard F. Weidman".

Richard Weidman, Chairman



March 3, 2014

The Honorable Sam Graves  
Chair  
House Small Business Committee  
U.S. House of Representatives  
Washington, D.C. 20515

Dear Chair Graves,

On behalf of Women Impacting Public Policy (WIPP), I am writing in support of your recently introduced legislation, H.R. 4093, the Greater Opportunities for Small Business Act of 2014, and H.R. 4094, the Contract Data and Bundling Accountability Act of 2014. WIPP is a national, nonpartisan public policy organization advocating on behalf of its coalition of 4.7 million business women including 75 business organizations. Ensuring that small businesses, including women-owned small businesses, succeed in the federal marketplace is at the core of our work. These two bills, H.R. 4093 and H.R. 4094, align with our efforts by raising the overall goal for contracting dollars awarded to small businesses and improving the data collection on bundled contracts, thereby enabling better enforcement against bundling.

Selling goods and services to the federal government has been a critical growth point for the small business community. Raising the goal for prime contracts awarded to small businesses to 25% increases the opportunities to access that growth—to the tune of nearly \$10 billion annually. While these goals have not been met recently, we know that increased efforts by agencies can reach this achievement. For this reason, WIPP fully supports H.R. 4093.

Recent GAO reports as well as recent hearings convened by the House Small Business Committee detail a contract bundling reporting system in disarray. Requiring Agencies to be forthright with their bundling activities, as well as making sure the reviews required by Congress for such contracts are being executed when necessary can help ensure government contracts remain competitive for small businesses. For this reason, WIPP fully supports H.R. 4094.

Improving the small business contracting environment translates to more opportunities for women-owned small businesses. It is through these opportunities that our members can thrive and grow, contributing billions of dollars to the U.S. economy. Our education platforms like Give Me 5, and outreach efforts, like the ChallengeHER program, prepare women in increasing numbers to contract with the federal government. WIPP supports the above legislation, and applauds Chair Graves in his efforts to assist the small business community.

Sincerely,

Barbara Kasoff, President  
Women Impacting Public Policy

1156 15<sup>th</sup> St. NW Suite 1100, Washington, DC 20005~888.488.WIPP~Fax: (202) 872-8543  
1714 Stockton Street, Suite 200, San Francisco, CA 94133~ 415.434.4314~Fax: (415) 434-4331  
Website: [www.WIPP.org](http://www.WIPP.org)

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.....  
 (Original Signature of Member)

113TH CONGRESS  
 2D SESSION

**H. R. 4093**

To amend the Small Business Act to raise the prime and subcontract goals,  
 and for other purposes.

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IN THE HOUSE OF REPRESENTATIVES

Mr. GRAVES of Missouri introduced the following bill; which was referred to  
 the Committee on \_\_\_\_\_

---

**A BILL**

To amend the Small Business Act to raise the prime and  
 subcontract goals, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
 2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Greater Opportunities  
 5 for Small Business Act of 2014”.

6 **SEC. 2. SMALL BUSINESS PRIME AND SUBCONTRACT PAR-**  
 7 **TICIPATION GOALS RAISED.**

8 (a) GOALS IN SUBCONTRACTING PLANS.—Section  
 9 8(d)(6)(A) of the Small Business Act (15 U.S.C.

1 637(d)(6)(A)) is amended by inserting after “percentage  
2 goals” the following: “of not less than 40 percent”.

3 (b) PRIME CONTRACTING GOALS.—Section  
4 15(g)(1)(A)(i) of the Small Business Act (15 U.S.C.  
5 644(g)(1)(A)(i)) is amended by striking “23 percent” and  
6 inserting “25 percent”.

7 (c) DELAYED EFFECTIVE DATE.—The amendment  
8 made by subsection (a) of this section shall take effect  
9 only beginning on the date on which the Administrator  
10 of the Small Business Administration has promulgated  
11 any regulations necessary, and the Federal Acquisition  
12 Regulation has been revised, to implement section 1614  
13 of the National Defense Authorization Act for Fiscal Year  
14 2014 and the amendments made by such section.

15 **SEC. 3. REPEAL OF CERTAIN PROVISION PERTAINING TO**  
16 **ACCOUNTING OF SUBCONTRACTORS.**

17 Section 15(g) of the Small Business Act (15 U.S.C.  
18 644(g)) is amended by striking paragraph (3).



I

113TH CONGRESS  
2D SESSION

# H. R. 4094

To direct the Administrator of the Small Business Administration to develop and implement a plan to improve the quality of data reported on bundled and consolidated contracts, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 26, 2014

Mr. GRAVES of Missouri introduced the following bill; which was referred to the Committee on Small Business

---

## A BILL

To direct the Administrator of the Small Business Administration to develop and implement a plan to improve the quality of data reported on bundled and consolidated contracts, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Contracting Data and  
5 Bundling Accountability Act of 2014”.



1 **SEC. 2. PLAN FOR IMPROVING DATA ON BUNDLED AND**  
2 **CONSOLIDATED CONTRACTS.**

3 Section 15 of the Small Business Act (15 U.S.C. 644)  
4 is amended by adding at the end the following new sub-  
5 section:

6 “(s) DATA QUALITY IMPROVEMENT PLAN.—

7 “(1) IN GENERAL.—Not later than the first day  
8 of fiscal year 2016, the Administrator of the Small  
9 Business Administration, in consultation with the  
10 Small Business Procurement Advisory Council, the  
11 Administrator of the Office of Federal Procurement  
12 Policy, and the Administrator of the General Serv-  
13 ices Administration shall develop a plan to improve  
14 the quality of data reported on bundled and consoli-  
15 dated contracts in the Federal procurement data  
16 system.

17 “(2) PLAN REQUIREMENTS.—The plan shall—

18 “(A) describe the roles and responsibilities  
19 of the Administrator of the Small Business Ad-  
20 ministration, the Directors of the Offices of  
21 Small and Disadvantaged Business Utilization,  
22 the Small Business Procurement Advisory  
23 Council, the Administrator of the Office of Fed-  
24 eral Procurement Policy, the Administrator of  
25 the General Services Administration, the senior  
26 procurement executives, and Chief Acquisition

1           Officers in implementing the plan described in  
2           paragraph (1) and contributing to the annual  
3           report required by subsection (p)(4);

4           “(B) make necessary changes to policies  
5           and procedures on proper identification and  
6           mitigation of contract bundling and consolida-  
7           tion, and to training procedures of relevant per-  
8           sonnel on proper identification and mitigation  
9           of contract bundling and consolidation;

10          “(C) establish consequences for failure to  
11          properly identify contracts as bundled or con-  
12          solidated;

13          “(D) establish requirements for periodic  
14          and statistically valid data verification and vali-  
15          dation; and

16          “(E) assign clear data verification respon-  
17          sibilities.

18          “(3) IMPLEMENTATION.—Not later than the  
19          first day of fiscal year 2017, the Administrator of  
20          the Small Business Administration shall implement  
21          the plan described in this subsection.

22          “(4) CERTIFICATION.—The Administrator shall  
23          annually provide to the Committee on Small Busi-  
24          ness of the House of Representatives and the Com-  
25          mittee on Small Business and Entrepreneurship of

1 the Senate certification of the accuracy and com-  
2 pleteness of data reported on bundled and consoli-  
3 dated contracts.

4 “(5) GAO STUDY AND REPORT.—

5 “(A) STUDY.—Not later than the first day  
6 of fiscal year 2018, the Comptroller General of  
7 the United States shall initiate a study on the  
8 effectiveness of the plan described in this sub-  
9 section that shall assess whether contracts were  
10 accurately labeled as bundled or consolidated.

11 “(B) CONTRACTS EVALUATED.—For the  
12 purposes of conducting the study described in  
13 subparagraph (A), the Comptroller General of  
14 the United States—

15 “(i) shall evaluate, for work in each of  
16 sectors 23, 33, 54, and 56 (as defined by  
17 the North American Industry Classification  
18 System), not fewer than 100 contracts in  
19 each sector;

20 “(ii) shall evaluate only those con-  
21 tracts—

22 “(I) awarded by an agency listed  
23 in section 901(b) of title 31, United  
24 States Code; and

1 “(II) that have a Base and Exer-  
2 cised Options Value, an Action Obli-  
3 gation, or a Base and All Options  
4 Value; and

5 “(iii) shall not evaluate contracts that  
6 have used any set aside authority.

7 “(C) REPORT.—Not later than 12 months  
8 after initiating the study required by subpara-  
9 graph (A), the Comptroller General of the  
10 United States shall report to the Committee on  
11 Small Business of the House of Representatives  
12 and the Committee on Small Business and En-  
13 trepreneurship of the Senate on the results  
14 from such study and, if warranted, any rec-  
15 ommendations on how to improve the quality of  
16 data reported on bundled and consolidated con-  
17 tracts.

18 “(6) DEFINITIONS.—In this subsection the fol-  
19 lowing definitions shall apply:

20 “(A) CHIEF ACQUISITION OFFICER; SEN-  
21 IOR PROCUREMENT EXECUTIVE.—The terms  
22 ‘Chief Acquisition Officer’ and ‘senior procure-  
23 ment executive’ have the meanings given such  
24 terms in section 44 of this Act.

1           “(B) FEDERAL PROCUREMENT DATA SYS-  
2           TEM DEFINITIONS.—The terms ‘Base and Ex-  
3           ercised Options Value’, ‘Action Obligation’,  
4           ‘Base and All Options Value’, and ‘set aside au-  
5           thority’ have the meanings given such terms by  
6           the Administrator for Federal Procurement Pol-  
7           icy in the Federal procurement data system on  
8           October 1, 2013, or subsequent equivalent  
9           terms.”.

○



113TH CONGRESS  
1ST SESSION

# H. R. 2751

To amend the Small Business Act to prohibit the use of reverse auctions for design and construction services procurements.

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## IN THE HOUSE OF REPRESENTATIVES

JULY 19, 2013

Mr. HANNA (for himself, Mr. GRAVES of Missouri, and Ms. MENG) introduced the following bill; which was referred to the Committee on Small Business

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## A BILL

To amend the Small Business Act to prohibit the use of reverse auctions for design and construction services procurements.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Commonsense Con-  
5 struction Contracting Act of 2013”.

6 **SEC. 2. REVERSE AUCTIONS PROHIBITED FOR CONTRACTS**  
7 **FOR DESIGN AND CONSTRUCTION SERVICES.**

8 The Small Business Act (15 U.S.C. 631 et seq.) is  
9 amended—

1 (1) by redesignating section 47 as section 48;  
2 and

3 (2) by inserting after section 46 the following:

4 **“SEC. 47. REVERSE AUCTIONS PROHIBITED FOR CON-**  
5 **TRACTS FOR DESIGN AND CONSTRUCTION**  
6 **SERVICES.**

7 “(a) IN GENERAL.—In the case of any contract for  
8 design and construction services, reverse auction methods  
9 may not be used if the contract—

10 “(1) is suitable for award to a small business  
11 concern; or

12 “(2) if the award is to be made under—

13 “(A) section 8(a);

14 “(B) section 8(m);

15 “(C) section 15(a);

16 “(D) section 15(j);

17 “(E) section 31; or

18 “(F) section 36.

19 “(b) DEFINITIONS.—For purposes of this section—

20 “(1) The term ‘reverse auction’ means, with re-  
21 spect to procurement by an agency, a real-time auc-  
22 tion on the Internet between a group of offerors who  
23 compete against each other by submitting bids for a  
24 contract or task order with the ability to submit re-  
25 vised bids throughout the course of the auction, and

1 the award being made to the offeror who submits  
2 the lowest bid.

3 “(2) The term ‘design and construction serv-  
4 ices’ means—

5 “(A) site planning and landscape design;

6 “(B) architectural and interior design;

7 “(C) engineering system design;

8 “(D) performance of construction work for  
9 facility, infrastructure, and environmental res-  
10 toration projects;

11 “(E) delivery and supply of construction  
12 materials to construction sites; and

13 “(F) construction, alteration, or repair, in-  
14 cluding painting and decorating, of public build-  
15 ings and public works.”.

○





I

113TH CONGRESS  
1ST SESSION

# H. R. 2882

To amend the Small Business Act and title 38, United States Code to provide for a consolidated definition of a small business concern owned and controlled by veterans, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

JULY 31, 2013

Mr. COFFMAN (for himself, Mr. GRAVES of Missouri, Mr. MILLER of Florida, Mr. FLORES, Mr. HANNA, and Mr. CONNOLLY) introduced the following bill; which was referred to the Committee on Veterans' Affairs, and in addition to the Committee on Small Business, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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## A BILL

To amend the Small Business Act and title 38, United States Code to provide for a consolidated definition of a small business concern owned and controlled by veterans, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

### 3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the "Improving Opportuni-  
5 ties for Service-Disabled Veteran-Owned Small Businesses  
6 Act of 2013".

1 **SEC. 2. SMALL BUSINESS DEFINITION OF SMALL BUSINESS**  
2 **CONCERN CONSOLIDATED.**

3 Section 3(q) of the Small Business Act (15 U.S.C.  
4 632(q)) is amended—

5 (1) in paragraph (2), to read as follows:

6 “(2) SMALL BUSINESS CONCERN OWNED AND  
7 CONTROLLED BY SERVICE-DISABLED VETERANS.—

8 The term ‘small business concern owned and con-  
9 trolled by service-disabled veterans’ means a small  
10 business concern—

11 “(A)(i) not less than 51 percent of which  
12 is owned by one or more service-disabled vet-  
13 erans or, in the case of any publicly owned busi-  
14 ness, not less than 51 percent of the stock of  
15 which is owned by one or more service-disabled  
16 veterans; and

17 “(ii) the management and daily business  
18 operations of which are controlled by one or  
19 more service-disabled veterans or, in the case of  
20 a veteran with permanent and severe disability,  
21 the spouse or permanent caregiver of such vet-  
22 eran; or

23 “(B) not less than 51 percent of which is  
24 owned by one or more veterans with service-  
25 connected disabilities that are permanent and  
26 total who are unable to manage the daily busi-

1           ness operations of such concern or, in the case  
2           of a publicly owned business, not less than 51  
3           percent of the stock of which is owned by one  
4           or more such veterans.”; and

5           (2) by adding at the end the following:

6           “(6) TREATMENT OF BUSINESSES AFTER  
7       DEATH OF VETERAN-OWNER.—

8           “(A) IN GENERAL.—Subject to subpara-  
9           graph (C), if the death of a service-disabled vet-  
10          eran causes a small business concern to be less  
11          than 51 percent owned by one or more such  
12          veterans, the surviving spouse of such veteran  
13          who acquires ownership rights in such small  
14          business concern shall, for the period described  
15          in subparagraph (B), be treated as if the sur-  
16          viving spouse were that veteran for the purpose  
17          of maintaining the status of the small business  
18          concern as a small business concern owned and  
19          controlled by service-disabled veterans.

20          “(B) PERIOD DESCRIBED.—The period re-  
21          ferred to in subparagraph (A) is the period be-  
22          ginning on the date on which the service-dis-  
23          abled veteran dies and ending on the earliest of  
24          the following dates:

1           “(i) The date on which the surviving  
2           spouse remarries.

3           “(ii) The date on which the surviving  
4           spouse relinquishes an ownership interest  
5           in the small business concern.

6           “(iii) The date that is ten years after  
7           the date of the veteran’s death.

8           “(C) APPLICATION TO SURVIVING  
9           SPOUSE.—Subparagraph (A) only applies to a  
10          surviving spouse of a veteran with a service-con-  
11          nected disability rated as 100 percent disabling  
12          or who dies as a result of a service-connected  
13          disability.”.

14 **SEC. 3. VETERANS AFFAIRS DEFINITION OF SMALL BUSI-**  
15 **NESS CONCERN CONSOLIDATED.**

16          Section 8127 of title 38, United States Code, is  
17 amended—

18           (1) by striking subsection (h); and  
19           (2) in subsection (l)(2), by striking “means”  
20          and all that follows through the period at the end  
21          and inserting the following: “has the meaning given  
22          that term under section 3(q) of the Small Business  
23          Act (15 U.S.C. 632(q)).”.

1 **SEC. 4. SBA TO ASSUME CONTROL OF VERIFICATION OF**  
2 **OWNERSHIP AND CONTROL STATUS OF AP-**  
3 **PLICANTS FOR INCLUSION IN THE DATABASE**  
4 **OF SMALL BUSINESSES OWNED AND CON-**  
5 **TROLLED BY SERVICE DISABLED VETERANS**  
6 **AND VETERANS.**

7 The Small Business Act (15 U.S.C. 631 et seq.) is  
8 amended by adding at the end the following:

9 **“SEC. 47. VETS FIRST PROGRAM.**

10 “Not later than 180 days after the effective date of  
11 this section, the Administrator shall enter into a memo-  
12 randum of understanding with the Secretary of Veterans  
13 Affairs that transfer control and administration of the  
14 program under subsections (e) through (g) of section 8127  
15 of title 38, United States Code, to the Administrator, con-  
16 sistent with the following:

17 “(1) Not later than 270 days after completing  
18 the memorandum of understanding, the Adminis-  
19 trator shall make rules to carry out the memo-  
20 randum. If the Administrator does not make such  
21 rules by such date, the Administrator may not exer-  
22 cise the authority under section 7(a)(25)(A) until  
23 such time as those rules are made.

24 “(2) The Administrator shall assume authority  
25 and responsibility for maintenance and operation of

1 the database and for verifications under the pro-  
2 gram.

3 “(3) Any appeal by a small business concern, at  
4 the time that verification is denied or a contract is  
5 awarded, of any determination under the program  
6 shall be heard by the Office of Hearings and Ap-  
7 peals of the Small Business Administration.

8 “(4) The Secretary shall, for a period of 6  
9 years commencing on a date agreed to in the com-  
10 pleted memorandum, reimburse to the Administrator  
11 of the Small Business Administration any costs in-  
12 curred by the Administrator for actions undertaken  
13 pursuant to the memorandum from fees collected by  
14 the Secretary of Veteran Affairs under multiple-  
15 award schedule contracts. Any disputes between the  
16 Secretary and the Administrator shall be resolved by  
17 the Director of the Office of Management and Budg-  
18 et”.

19 **SEC. 5. MEMORANDUM OF UNDERSTANDING.**

20 Section 8127(f) of title 38, United States Code, is  
21 amended by adding at the end the following:

22 “(7) Not later than 180 days after the effective  
23 date of this paragraph, the Secretary shall enter into  
24 a memorandum of understanding with the Adminis-

1       trator of the Small Business Administration con-  
2       sistent with section 47 of the Small Business Act.”.

○

113TH CONGRESS  
1ST SESSION

# H. R. 776

To amend title 31, United States Code, to revise requirements related to assets pledged by a surety, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 15, 2013

Mr. HANNA (for himself and Mr. GRAVES of Missouri) introduced the following bill; which was referred to the Committee on the Judiciary, and in addition to the Committee on Small Business, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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## A BILL

To amend title 31, United States Code, to revise requirements related to assets pledged by a surety, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

### 3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Security in Bonding  
5 Act of 2013”.

### 6 **SEC. 2. SURETY BOND REQUIREMENTS.**

7 Chapter 93 of subtitle VI of title 31, United States  
8 Code, is amended—



1 (1) by adding at the end the following:

2 **“§ 9310. Individual sureties**

3 “If another applicable law or regulation permits the  
4 acceptance of a bond from a surety that is not subject  
5 to sections 9305 and 9306 and is based on a pledge of  
6 assets by the surety, the assets pledged by such surety  
7 shall—

8 “(1) consist of eligible obligations described  
9 under section 9303(a); and

10 “(2) be submitted to the official of the Govern-  
11 ment required to approve or accept the bond, who  
12 shall deposit the assets with a depository described  
13 under section 9303(b).”; and

14 (2) in the table of contents for such chapter, by  
15 adding at the end the following:

“9310. Individual sureties.”.

16 **SEC. 3. SBA SURETY BOND GUARANTEE.**

17 Section 411(c)(1) of the Small Business Investment  
18 Act of 1958 (15 U.S.C. 694b(c)(1)) is amended by strik-  
19 ing “70” and inserting “90”.

○

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.....  
 (Original Signature of Member)

113TH CONGRESS  
 2D SESSION

**H. R.** 4121

To amend the Small Business Act to provide for improvements to small  
 business development centers.

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IN THE HOUSE OF REPRESENTATIVES

Ms. VELÁZQUEZ introduced the following bill; which was referred to the  
 Committee on \_\_\_\_\_

---

**A BILL**

To amend the Small Business Act to provide for  
 improvements to small business development centers.

1 *Be it enacted by the Senate and House of Representa-*  
 2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Small Business Devel-  
 5 opment Centers Improvement Act of 2014”.

6 **SEC. 2. USE OF AUTHORIZED ENTREPRENEURIAL DEVEL-**  
 7 **OPMENT PROGRAMS.**

8 The Small Business Act (15 U.S.C. 631 et seq) is  
 9 amended by adding at the end the following:

1 **“SEC. 48. USE OF AUTHORIZED ENTREPRENEURIAL DEVEL-**  
2 **OPMENT PROGRAMS.**

3 “(a) EXPANDED SUPPORT FOR  
4 ENTREPRENEURS.—

5 “(1) IN GENERAL.—Notwithstanding any other  
6 provision of law, the Administrator shall only use  
7 the programs authorized in sections 7(j), 7(m), 8(a),  
8 8(b)(1), 21, 22, 29, and 32 of this Act, and sections  
9 358 and 389 of the Small Business Investment Act  
10 to deliver entrepreneurial development services, en-  
11 trepreneurial education, business incubation services,  
12 growth acceleration services, support for the develop-  
13 ment and maintenance of clusters, or business train-  
14 ing.

15 “(2) EXCEPTION.—This section shall not apply  
16 to services provided to assist small business concerns  
17 owned by an Indian tribe.

18 “(b) ANNUAL REPORT.—Beginning on the first De-  
19 cember 1 after the date of enactment of this subsection,  
20 the Administrator shall annually report to the Committee  
21 on Small Business of the House or Representatives and  
22 the Committee on Small Business and Entrepreneurship  
23 of the Senate on all entrepreneurial development activities  
24 undertaken in the current fiscal year. This report shall  
25 include—

1 “(1) a description and operating details for  
2 each program and activity;

3 “(2) operating circulars, manuals, and standard  
4 operating procedures for each program and activity;

5 “(3) a description of the process used to award  
6 grants under each program and activity;

7 “(4) a list of all awardees, contractors, and ven-  
8 dors (including organization name and location) and  
9 the amount of awards for the current fiscal year for  
10 each program and activity;

11 “(5) the amount of funding obligated for the  
12 current fiscal year for each program and activity;  
13 and

14 “(6) the names and titles for those individuals  
15 responsible for each program and activity.”.

16 **SEC. 3. MARKETING OF SERVICES.**

17 Section 21 of the Small Business Act (15 U.S.C. 648)  
18 is amended by adding at the end the following:

19 “(o) NO PROHIBITION OF MARKETING OF SERV-  
20 ICES.—The Administrator shall not prohibit applicants re-  
21 ceiving grants under this section from marketing and ad-  
22 vertising their services to individuals and small busi-  
23 nesses.”.

1 **SEC. 4. CONFIDENTIALITY REQUIREMENTS.**

2 Section 21(a)(7)(A) of the Small Business Act (15  
3 U.S.C. 648(a)(7)(A)) is amended by inserting after  
4 “under this section” the following: “to any State, local or  
5 Federal agency or third party”.

6 **SEC. 5. DATA COLLECTION.**

7 (a) IN GENERAL.—Section 21(a)(3)(A) of the Small  
8 Business Act (15 U.S.C. 648(a)(3)(A)) is amended—

9 (1) by striking “as provided in this section  
10 and” and inserting “as provided in this section,”;  
11 and

12 (2) by inserting before the period at the end the  
13 following: “, and (iv) governing data collection ac-  
14 tivities related to applicants receiving grants under  
15 this section”.

16 (b) ANNUAL REPORT ON DATA COLLECTION.—Sec-  
17 tion 21 of the Small Business Act (15 U.S.C. 648), as  
18 amended by section 3 of this Act, is further amended by  
19 adding at the end the following:

20 “(p) ANNUAL REPORT ON DATA COLLECTION.—The  
21 Administrator shall report annually to the Committee on  
22 Small Business of the House or Representatives and the  
23 Committee on Small Business and Entrepreneurship of  
24 the Senate on data collection activities related to the Small  
25 Business Development Center program.”.

1 **SEC. 6. MATCHMAKING AND OTHER EVENTS.**

2 Section 21(a)(3)(C) of the Small Business Act (15  
3 U.S.C. (a)(3)(C)) is amended to read as follows:

4 “(C) Such participation in private partnerships  
5 and cosponsorships with the Administration shall  
6 not limit Small Business Development Centers from  
7 collecting fees or other income related to the oper-  
8 ation of such partnerships and cosponsorships.”.

9 **SEC. 7. EQUITY FOR SBDCA.**

10 Section 21(a)(4)(C)(v) of the Small Business Act (15  
11 U.S.C. (a)(4)(C)(v)) is amended—

12 (1) in item (aa), by striking “; and” and insert-  
13 ing a period.

14 (2) by striking item (bb).

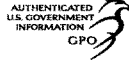
15 **SEC. 8. AWARD OF GRANTS TO SBDCA.**

16 Section 21 of the Small Business Act (15 U.S.C.  
17 648), as amended by sections 3 and 5 of this Act, is fur-  
18 ther amended by adding at the end the following:

19 “(q) LIMITATION ON AWARD OF GRANTS.—Except  
20 for not-for-profit institutions of higher education, notwith-  
21 standing any provision of law, the Administrator shall not  
22 award grants (including contracts and cooperative agree-  
23 ments) under this section to any entity other than those  
24 that received grants (including contracts and cooperative  
25 agreements) under this section prior to September 30,

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1 2014 and that seek to renew such grants (including con-  
2 tracts and cooperative agreements) after such date.”.



I

113TH CONGRESS  
1ST SESSION

# H. R. 2452

To amend the Small Business Act with respect to the procurement program for women-owned small business concerns, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

JUNE 20, 2013

Ms. VELÁZQUEZ (for herself, Mr. PAYNE, Mr. BARBER, Ms. CHU, Ms. CLARKE, and Ms. MENG) introduced the following bill; which was referred to the Committee on Small Business

---

## A BILL

To amend the Small Business Act with respect to the procurement program for women-owned small business concerns, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Women’s Procurement  
5 Program Equalization Act of 2013”.

6 **SEC. 2. WOMEN’S PROCUREMENT PROGRAM EQUALI-**  
7 **ZATION.**

8 Section 8(m) of the Small Business Act (15 U.S.C.  
9 637(m)) is amended—



1           (1) in paragraph (2), so that subparagraph (E)  
2 reads as follows:

3           “(E) each of the concerns—

4                 “(i) is certified by a Federal agency,  
5                 a State government, or a national certi-  
6                 fying entity approved by the Adminis-  
7                 trator, as a small business concern owned  
8                 and controlled by women; or

9                 “(ii) is certified by the Administrator  
10                as a small business concern owned and  
11                controlled by women.”; and

12           (2) by adding at the end the following:

13           “(7) SOLE SOURCE CONTRACTS FOR ECONOMICALLY  
14           DISADVANTAGED WOMEN-OWNED SMALL  
15           BUSINESSES.—In accordance with this section, a  
16           contracting officer may award a sole source contract  
17           to any small business concern meeting the require-  
18           ments of section 8(m)(2)(A) of this Act if—

19                 “(A) such concern is determined to be a  
20                 responsible contract with respect to perform-  
21                 ance of such contract opportunity and the con-  
22                 tracting officer does not have a reasonable ex-  
23                 pectation that 2 or more businesses meeting the  
24                 requirements of section 8(m)(2)(A) will submit  
25                 offers;

1 “(B) the anticipated award price of the  
2 contract (including options) will not exceed—

3 “(i) \$6,500,000 in the case of a con-  
4 tract opportunity assigned a standard in-  
5 dustrial code for manufacturing; or

6 “(ii) \$4,000,000 in the case of any  
7 other contract opportunity; and

8 “(C) in the estimation of the contracting  
9 officer, the contract award can be made at a  
10 fair and reasonable price.

11 “(8) SOLE SOURCE CONTRACTS FOR WOMEN  
12 OWNED SMALL BUSINESSES IN SUBSTANTIALLY  
13 UNDERREPRESENTED INDUSTRIES.—In accordance  
14 with this section, a contracting officer may award a  
15 sole source contract to any small business concerns  
16 meeting the requirements of section 8(m)(3) of this  
17 Act if—

18 “(A) such concern is determined to be a  
19 responsible contract with respect to perform-  
20 ance of such contract opportunity and the con-  
21 tracting officer does not have a reasonable ex-  
22 pectation that 2 or more businesses meeting the  
23 requirements of section 8(m)(3) will submit of-  
24 fers;

1 “(B) the anticipated award price of the  
2 contract (including options) will not exceed—

3 “(i) \$6,500,000 in the case of a con-  
4 tract opportunity assigned a standard in-  
5 dustrial code for manufacturing; or

6 “(ii) \$4,000,000 in the case of any  
7 other contract opportunity; and

8 “(C) in the estimation of the contracting  
9 officer, the contract award can be made at a  
10 fair and reasonable price.”.

11 **SEC. 3. REPORTING ON GOALS FOR PROCUREMENT CON-**  
12 **TRACTS AWARDED TO SMALL BUSINESS CON-**  
13 **CERNS.**

14 Section 15(h)(2)(E)(viii) of the Small Business Act  
15 (15 U.S.C. 644) is amended to read as follows:

16 “(viii) small business concerns owned  
17 and controlled by women—

18 “(I) in the aggregate;

19 “(II) through competitions re-  
20 stricted to small business concerns;

21 “(III) through competitions re-  
22 stricted using the authority under sec-  
23 tion 8(m)(2);

24 “(IV) through competitions re-  
25 stricted using the authority under sec-

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**AMENDMENT TO H.R. 4093**  
**OFFERED BY MS. CHU OF CALIFORNIA**

Add, at the end of the bill, the following:

1 **SEC. 4. GOVERNMENTWIDE GOAL FOR PARTICIPATION BY**  
2 **SMALL BUSINESS CONCERNS OWNED AND**  
3 **CONTROLLED BY WOMEN INCREASED.**

4 Section 15(g)(1)(A)(v) of the Small Business Act (15  
5 U.S.C. 644(g)(1)(A)(v)) is amended by striking “5 per-  
6 cent” and inserting “6 percent”.



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**AMENDMENT TO H.R. 4094**  
**OFFERED BY MS. CHU OF CALIFORNIA**

Page 3, insert after line 17, and redesignate provisions accordingly:

1           “(3) COMMITTEE BRIEFING.—Once finalized  
2           and prior to implementation, the plan described in  
3           this subsection shall be presented to the Committee  
4           on Small Business of the House of Representatives  
5           and the Committee on Small Business and Entrepreneurship  
6           of the Senate.”.



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**AMENDMENT TO THE AMENDMENT IN THE  
NATURE OF A SUBSTITUTE TO H.R. 2882  
OFFERED BY MS. KUSTER OF NEW HAMPSHIRE**

Page 4, line 1, strike “meet” and insert the following:

1 “(A) meet”.

Page 4, line 4, strike the period at the end and insert “; and”.

Page 4, insert after line 4 the following:

2 “(B) consult with veterans service organi-  
3 zations to discuss ways to increase opportuni-  
4 ties for service-disabled veteran-owned small  
5 businesses and veteran-owned small busi-  
6 nesses.”.



**AMENDMENT TO THE AMENDMENT IN THE  
NATURE OF A SUBSTITUTE TO H.R. 2882  
OFFERED BY Ms. HAHN OF CALIFORNIA**

Page 4, line 14, insert after “section.” the following:

1           “(7) In any meeting required under paragraph  
2           (5), the Secretary and the Administrator shall in-  
3           clude in the discussion of ways to improve collabora-  
4           tion under the memorandum to increase opportuni-  
5           ties for small businesses owned and controlled by  
6           service-disabled veterans who are women or minori-  
7           ties and small business concerns owned and con-  
8           trolled by veterans who are women or minorities.”.



**AMENDMENT TO THE AMENDMENT IN THE  
NATURE OF A SUBSTITUTE TO H.R. 2882  
OFFERED BY MS. VELÁZQUEZ OF NEW YORK**

Page 4, line 14, insert after “this section.” the following:

- 1           “(7) The Administrator shall implement para-  
2           graph (3) beginning not later than the date of enact-  
3           ment of this paragraph.  
4           “(8) There are authorized to be appropriated to  
5           carry out this section \$15,000,000 for each fiscal  
6           year.”.

Page 3, strike line 3 and all that follows through  
line 22.





**AMENDMENT TO H.R. 4121**  
**OFFERED BY MR. MURPHY OF FLORIDA**

Add, at the end of the bill, the following:

**1 SEC. 9. DISASTER REFORMS.**

2 Section 21(b)(3) of the Small Business Act (15  
3 U.S.C. 648(b)(3)) is amended—

4 (1) by striking “(3) At the discretion” and in-  
5 serting the following:

6 “(3) ASSISTANCE TO OUT-OF-STATE SMALL  
7 BUSINESSES.—

8 “(A) IN GENERAL.—At the discretion”;  
9 and

10 (2) by adding at the end the following:

11 “(B) DISASTER RECOVERY ASSISTANCE.—

12 “(i) IN GENERAL.—At the discretion  
13 of the Administrator, the Administrator  
14 may authorize a small business develop-  
15 ment center to provide assistance, as de-  
16 scribed in subsection (c), to a small busi-  
17 ness concern located outside of the State,  
18 without regard to geographic proximity, if  
19 the small business concern is located in an  
20 area for which the President has declared

1 a major disaster under section 401 of the  
2 Robert T. Stafford Disaster Relief and  
3 Emergency Assistance Act (42 U.S.C.  
4 5170), during the period of the declara-  
5 tion.

6 “(ii) CONTINUITY OF SERVICES.—A  
7 small business development center that  
8 provides counselors to an area described in  
9 clause (i) shall, to the maximum extent  
10 practicable, ensure continuity of services in  
11 any State in which the small business de-  
12 velopment center otherwise provides serv-  
13 ices.

14 “(iii) ACCESS TO DISASTER RECOVERY  
15 FACILITIES.—For purposes of this sub-  
16 paragraph, the Administrator shall, to the  
17 maximum extent practicable, permit the  
18 personnel of a small business development  
19 center to use any site or facility designated  
20 by the Administrator for use to provide  
21 disaster recovery assistance.”.



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**AMENDMENT TO H.R. 4121**  
**OFFERED BY MR. PAYNE OF NEW JERSEY**

Add, at the end of the bill, the following:

**1 SEC. 9. INCLUSIONS OF ENTREPRENEURSHIP TRAINING**  
**2 FOR UNEMPLOYED INDIVIDUALS.**

**3 Section 21(c)(3) of the Small Business Act (15**  
**4 U.S.C. (c)(3)) is amended—**

**5 (1) in clause (iii), by striking “and” at the end;**

**6 (2) in clause (iv), by inserting “and” at the**

**7 end; and**

**8 (3) by adding at the end the following:**

**9 “(v) educating unemployed individuals**

**10 on entrepreneurship and working with such**

**11 individuals to start new businesses;”.**

