

**REALIZING THE VISION OF PARREN MITCHELL—
UNTAPPING THE POTENTIAL OF
MINORITY AND WOMEN CONTRACTING**

HEARING
BEFORE THE
**COMMITTEE ON SMALL BUSINESS
AND ENTREPRENEURSHIP**
OF THE
UNITED STATES SENATE
ONE HUNDRED SEVENTEENTH CONGRESS
FIRST SESSION

MAY 19, 2021

Printed for the Committee on Small Business and Entrepreneurship



Available via the World Wide Web: <http://www.govinfo.gov>

U.S. GOVERNMENT PUBLISHING OFFICE

46-998 PDF

WASHINGTON : 2022

COMMITTEE ON SMALL BUSINESS AND ENTREPRENEURSHIP
ONE HUNDRED SEVENTEENTH CONGRESS

BENJAMIN L. CARDIN, Maryland, *Chairman*
RAND PAUL, Kentucky, *Ranking Member*

MARIA CANTWELL, Washington	MARCO RUBIO, Florida
JEANNE SHAHEEN, New Hampshire	JAMES E. RISCH, Idaho
EDWARD J. MARKEY, Massachusetts	TIM SCOTT, South Carolina
CORY A. BOOKER, New Jersey	JONI ERNST, Iowa
CHRISTOPHER A. COONS, Delaware	JAMES M. INHOFE, Oklahoma
MAZIE HIRONO, Hawaii	TODD YOUNG, Indiana
TAMMY DUCKWORTH, Illinois	JOHN KENNEDY, Louisiana
JACKY ROSEN, Nevada	JOSH HAWLEY, Missouri
JOHN HICKENLOOPER, Colorado	ROGER MARSHALL, Kansas

SEAN MOORE, *Democratic Staff Director*
WILLIAM HENDERSON, *Republican Staff Director*

C O N T E N T S

OPENING STATEMENTS

	Page
Cardin, Hon. Benjamin L., Chairman, a U.S. Senator from Maryland	1

WITNESSES

Caldas, Ms. Rosa Q., President and CEO, ZemiTek, LLC, Bethesda, MD	4
Rubio, Mr. Euripides “Ruby”, President and CEO, Ops Tech Alliance, LLC, Bowie, MD	11

ALPHABETICAL LISTING AND APPENDIX MATERIAL SUBMITTED

Caldas, Ms. Rosa Q.	
Testimony	4
Prepared statement	6
Responses to questions submitted by Senators Hirono and Young	36
Cardin, Hon. Benjamin L.	
Opening statement	1
National Urban League	
Letter dated May 19, 2021	32
Rubio, Mr. Euripides “Ruby”	
Testimony	11
Prepared statement	13
Responses to questions submitted by Senators Hirono and Young	41

**REALIZING THE VISION OF
PARREN MITCHELL—
UNTAPPING THE POTENTIAL OF
MINORITY AND WOMEN CONTRACTING**

WEDNESDAY, MAY 19, 2021

UNITED STATES SENATE,
COMMITTEE ON SMALL BUSINESS
AND ENTREPRENEURSHIP,
Washington, DC.

The Committee met, pursuant to notice, at 2:30 p.m., in Room 301, Russell Senate Office Building, Hon. Ben Cardin, Chairman of the Committee, presiding.

Present: Senators Cardin, Shaheen, Hirono, Rosen, Hickenlooper, Scott, Young, Hawley, and Marshall.

**OPENING STATEMENT OF HON. BENJAMIN L. CARDIN,
CHAIRMAN, A U.S. SENATOR FROM MARYLAND**

Chairman CARDIN. Good afternoon and welcome to this committee hearing of the Small Business and Entrepreneurship Committee. I want to thank all of you for joining on this important and timely hearing on the role the Federal Government must play in supporting minority and women-owned businesses that supply our government with goods and services.

The title of today's hearing respects my late friend and mentor, Congressman Parren J. Mitchell. Congressman Mitchell was the first African American elected to Congress from the State of Maryland. He rose to become chairman of the Small Business Committee in the House of Representatives. He advanced opportunities for minority small businesses, including the first minority set-aside passed by Congress.

In addition to being the first African American elected to the U.S. Congress from Maryland, Congressman Mitchell also created the first set-aside minority program. It was created in 1977 when he successfully attached an amendment to a \$4 billion public works bill that required State and local government to set aside 10 percent of the funds for minority-owned businesses.

Congressman Mitchell called the amendment his proudest congressional accomplishment. Congressman Mitchell understood that any plan to strengthen the wealth of America must include entrepreneurship, and that the U.S. Federal Government, the largest purchaser of goods and services in the world, has an important role to play in this effort by ensuring that small businesses owned by members of historically disadvantaged communities, including mi-

norities and women, are able to do business with government agencies.

This hearing is timely because President Biden's American Jobs Plan proposes a once-in-a-generation investment in our Nation's infrastructure across all types. Addressing equity for underserved and disadvantaged communities must be a focus in all of these endeavors.

So today we will focus on the programs within SBA that help level the playing field for minority- and women-owned businesses, including the 8(a) Business Development Program and the Woman-Owned Small Business Program. The motivation behind my commitment to ensuring that the Federal Government is providing contracting opportunities for minority- and women-owned businesses is twofold. First, I want to ensure that the Federal Government is providing small businesses with the opportunity to compete for Federal contracts on a level playing field with large corporations. And secondly, Federal contracting is a vital part of the economy in my home State of Maryland, where Federal Government contracting spending accounts for 8 percent of our annual GDP and supports thousands of jobs to help families into the middle class.

Congress passed the Small Business Act to ensure the preservation and expansion of a level playing field for small businesses because by doing so it is vital to the security of this Nation. The COVID-19 pandemic has shown us all how true these words are. In the past year, the Small Business Administration has delivered more than \$1 trillion in aide to our Nation's smallest businesses in order to prevent the dire economic consequences. I am proud that my amendment to extend the nine-year limit for participation in the 8(a) program to 10 years was included in the Fiscal Year 2021 NDAA bill. That measure will provide small businesses in the program during the pandemic with an additional year of eligibility.

Small businesses are where innovation happens in our economy, and this committee has discussed many times in the past years that we must ensure we provide our small businesses with the support they need to compete in the global marketplace. In 1997, Congress set goals for the Federal Government to spend 23 percent of all contracting dollars with small businesses. In Fiscal Year 2019, the Small Business Federal Procurement Scorecard showed that the Federal Government exceeded its small business contracting goals during that fiscal year, awarding 26.5 percent of all Federal contracts to small businesses.

The total value of the contracts was \$132.9 billion, representing a 10 percent increase from the previous fiscal year. The Scorecard showed that the Federal Government exceeded its goals in three of the four associated economic categories, including women-owned small businesses, the second time in the history of the Scorecard that the Federal Government hit its 5 percent goal for that program.

While I'm pleased that the Federal agencies are meeting most of their contracting goals, I have seen recent concerning data showing that we are shrinking the number of contractors that are participating in the program. A recent report by Bloomberg Government found that the number of Federal contractors working on unclassified contracts is at a 10-year low despite a steady rise in Federal

Government contracting spending over the same period of time. So there are less businesses participating even though we have a growth in small businesses.

In Fiscal Year 2016, for example, more than 120,000 small businesses contracted with the Federal Government, but in Fiscal Year 2019 that number had dropped to under 103,000 small businesses. That means that while contracts are getting bigger and bigger, we are creating an insular club where fewer and fewer businesses successfully compete for government contracts, creating a less competitive marketplace in the process.

Predictably, our Nation's small businesses are bearing the brunt of the decline. According to the report, the Federal Government did business with 32 percent less small vendors in Fiscal Year 2018 than it did in Fiscal Year 2009. For a comparison, the number of large vendors fell by only 4 percent.

So today I am looking forward to hearing from our witnesses. They're both Maryland entrepreneurs whose businesses have benefited from the 8(a) and women-owned small business program.

Rosa Caldas is President and Chief Executive Officer of ZemiTek, an 8(a) and woman-owned certified small business headquartered in Bethesda, Maryland; and Euripides "Ruby" Rubio is President and Chief Executive Officer of Ops Tech Alliance, an 8(a) and service disabled veteran-owned small business, certified, headquartered also in Bethesda. Bethesda is getting very well represented here today.

Mr. Rubio is also a graduate from the Bowie Business Innovation Center 8(a) Accelerator and the Veterans Institute for Procurement program, which are both successful programs in Maryland that can serve as a model for the Nation as we seek to support small business contractors.

I do want to acknowledge the work of Barbara Ashe with regards to the VIP program because it's a unique program. It was created under the sponsorship of the Montgomery County Chamber of Commerce. That's Montgomery County, Maryland. It was a national program to help veteran small businesses, and it's been very successful, helping over 1,600 veteran-owned small businesses to date. One of those companies is represented by one of our witnesses today.

So I'm also looking forward to learning from Ms. Caldas and Mr. Rubio about what aspects of the 8(a) and the woman-owned small business programs are working well, as well as the areas we need to improve for more small businesses to successfully compete for Federal contracts.

President Biden's American Jobs Plan seeks to invest more than \$2 trillion in our Nation's infrastructure, so now is the time to improve the 8(a) and woman-owned small business programs so woman- and minority-owned small businesses have the support they need to participate in a once-in-a-generation opportunity.

I know that Senator Paul, the ranking Republican member, will be joining us shortly. He asked us to proceed with the witnesses, so we'll do exactly that. We'll go in the order in which I first acknowledged our witnesses.

So, Ms. Caldas, we'll start with you.

**STATEMENT OF ROSA Q. CALDAS, PRESIDENT AND CEO,
ZEMITEK, LLC, BETHESDA, MD**

Ms. CALDAS. Good afternoon. Good afternoon, Chairman Cardin, we don't have here Ranking Member Paul, and members of the committee. It is an honor to meet you and to be invited to speak at this committee.

My name is Rosa Caldas. I am the President and CEO of ZemiTek, an 8(a) and woman-owned small business located in Bethesda, Maryland. Thank you for the opportunity to speak at today's hearing.

My experience supporting the Federal Government dates back to 1995, when I began managing projects for Federal contractors. I founded ZemiTek in 2007 because I felt I could do a better job supporting the government and providing a better and more nurturing environment for my employees.

In 2008, ZemiTek was accepted as part of the Montgomery County Business Innovation Center, and I briefly entered the HUBZone program. During our first eight years, most of our work was through small purchase orders and subcontract work. During this period, we experienced difficulties in gaining access to funding, limiting our ability to grow.

In 2015, we won our first significant prime contract award by leveraging a partnership with a more experienced large business. In 2017, we secured our GSA schedules, entered the SBA Mentor-Protégé program, and formed a joint venture with our mentor. We obtained a GSA Best-in-Class OASIS schedule in 2020 through our joint venture. We now have over 70 employees, as well as many consultants.

The small business set-aside programs are critical for the development of small businesses, for economic development, and for providing innovation and flexibility to the Federal Government buyers. We sincerely believe the small business contracting goals are due for upward revision.

The Federal Government small business goals have not been increased in over 24 years, and the WSB goal has not been increased since its inception.

Goals are important and effective in keeping the Federal Government accountable. We are grateful for ZemiTek's opportunity to participate in the 8(a) program. It is important for potential participants to make sure they fully understand the Federal contracting landscape to fully benefit from the limited timeframe of the program. ZemiTek made a conscious decision to delay submitting our application until we were ready.

The 8(a) program does have some challenges. For example, the sole source cap is long overdue for an increase. It needs to be adjusted for the increasing average size of contracts. The maximum total contract value for a sole-source 8(a) award is \$4 million. Making it an annual cap of \$4 million will be preferable. But at the very least, the cap should be doubled.

More resources need to be provided to the SBA, its three offices. Business Opportunity especially carries an overwhelming workload and often focuses more on compliance rather than business development. SBA district offices could benefit from an increase in staffing, as well as more consistent training.

We are very grateful to the Small Business Committee in allowing for a one-year extension in the 8(a) program. Twenty-twenty was a challenging year for all of us, as well as for small businesses. Normal business development, client engagement, and networking opportunities were reduced, and growth was difficult. We support the Mentor-Protégé program and have benefited from participation. These formalized relationships allow us to benefit from our mentor's guidance and improve our ability to pursue prime contracts. Protégés are limited to two mentors for the company, and we believe that allowing more than two mentors will help small businesses maximize their learning opportunities prior to graduation.

Category management poses serious and significant challenges for the small business community. Fewer and fewer requirements are being issued as a stand-alone contract, meaning fewer opportunities for small businesses. Consolidation and bundling of simple requirements and placing them on BICs further erodes the competitiveness of small businesses, as they often lack the capability to bid on the size and complex nature of the consolidated contract.

With respect to the WSB program, we have found the certification process to be cumbersome, and we recommend increasing resources to the SBA to ensure that they are able to successfully manage the certification process. We also recommend implementing reciprocity between the 8(a) and WSB programs.

Thank you so much for the opportunity to share my experience with you. I look forward to answering any questions you may have.

[The prepared statement of Ms. Caldas follows:]



Testimony of Rosa Q. Caldas, President & CEO, ZemiTek, LLC

Provided to the U.S. Senate Committee on Small Business & Entrepreneurship

Realizing the Vision of Parren Mitchell – Untapping the Potential of Minority and Women Contracting. May 19th, 2021

Good afternoon Chairman Cardin, Ranking Member Paul, and members of the Committee. It is an honor to meet you and to be invited to speak to this Committee. My name is Rosa Caldas, and I am the President & CEO of ZemiTek, LLC, an SBA-certified 8(a) Small Disadvantaged and Woman Owned small business located in Bethesda, Maryland. Thank you for the opportunity to speak at today's hearing which will focus on improving the Federal Government's Minority and Women Owned Small Business contracting programs.

Background

My experience supporting the Federal Government dates back to 1995, when I began managing federal IT projects for established government contracting firms. After working as a contractor for many years, I decided that I wanted to start my own business because I felt I could do a better job supporting the Federal Government and providing a better, more nurturing environment for my employees.

I founded ZemiTek in 2007 and initially worked out of my home. In 2008, ZemiTek was accepted as part of the Montgomery County Innovation Center and I moved my office to the Silver Spring Innovation Center. This allowed us to briefly enter the HUBZone program in 2009.

During our first 8 years, all of our work was through small purchase orders ranging from \$25K to \$100K and subcontract work with large prime contractors. During this period, we experienced many difficulties in gaining access to funding, limiting our ability to grow the firm. We saw the value in partnering with more experienced larger businesses and through one of these partnerships, we won our first significant prime contract award in 2015. We then secured our GSA Federal Supply Schedules IT 70 and Professional Services Schedule in 2017. We entered the SBA's Mentor Protégé Program and formed a Joint venture with our Mentor in 2017. Finally, we obtained the GSA's Best in Class OASIS Small Business Pool 1 and Pool 1 8(a) in 2020 through our joint venture. We now have over 70 employees as well as many consultants to support our work with the Federal Government.

Experience with Federal Small Business Programs

Our HUBZone Experience

ZemiTek received its HUBZone certification in 2009. We found it difficult to maintain this certification, owing to the redrawing of the boundaries from the 2010 census, and the 35% employee residency requirements. As a result, ZemiTek subsequently lost its HUBZone designation. While participating in this program, we noted that there were limited prime contract opportunities available for HUBZone companies, with subcontracting opportunities being the primary opportunity pool for HUBZone firms.

Our 8(a) experience

First, I will say to any firms considering 8(a) certification, make sure you fully understand the federal contracting landscape prior to preparing your application for submission. Your business should be well-established and you should ensure that you're fully prepared to take advantage of your limited time in the program before you apply.

When initially considering pursuing 8(a) certification, we made a conscious decision to delay submitting our application. We wanted to ensure we had established the infrastructure, experience, and past performance in federal procurement needed to win prime contracts. We applied for 8(a) certification in 2015 and finally obtained it in 2016. By waiting to apply for 8(a) status until ZemiTek was ready to take advantage of the benefits of certification, we were better positioned to win sole source awards and compete for and win 8(a) set-aside contracts. However, the 8(a) program does have some challenges. For example, the sole source cap is long overdue for an increase. We believe it needs to be adjusted for inflation and to account for the increasing average size of federal contracts. For instance, we were recently awarded a sole source contract, and less than a year later the client has already issued work authorizations for approximately 80% of the contract ceiling.

Due to the pandemic, 2020 was a challenging year for ZemiTek, as well as our peers and competitors. Normal business development, client engagement, networking, and matchmaking opportunities were significantly reduced, and growth was simply much more difficult. We are incredibly grateful to SBA and to Congress and the Small Business Committees for their part in allowing for a one-year extension for 8(a) participants.

Our Mentor/Protégé Experience

ZemiTek entered SBA's Mentor-Protégé Program in 2017, allowing us to benefit from the experience of a successful prime contractor. This formalized relationship allowed us to benefit from our mentor's guidance and improve our ability to pursue prime contracts. In 2017 we also formed a Joint Venture (JV) with our mentor, and obtained GSA's Best-in-Class OASIS Small Business Pool 1 and Pool 1 8(a) through the JV, and won our first task order in 2020. Currently, protégés are limited to two mentors through the life of the company, and we believe allowing more mentors would help small businesses to maximize their learning opportunities prior to graduation from the industry's size standard.

Category Management & Best-in-Class Vehicles

We have been fortunate to capture some Best-in-Class (BIC) contracts due to our relationship with our mentor. However, we believe Category Management poses serious and significant challenges for the small business community. Fewer and fewer requirements are being issued as standalone contracts, meaning fewer opportunities for small and socioeconomically disadvantaged businesses. Consolidation and bundling of simpler requirements and placing them on BICs further erodes the competitiveness of small businesses, as they often lack the capability to bid on the size and complex nature of the consolidated contract, or lack access to the BIC vehicle altogether. Capturing a BIC as a stand-alone small business is extremely difficult. As a result, many small businesses end up pursuing these opportunities under a JV with a larger firm. This flows the small business set-aside benefits not only to the small firm, but also to the larger firm. Recently we have experienced agencies simultaneously releasing task orders not only on the set-aside pool of a BIC, but also in the unrestricted pool. This in effect requires the small businesses to compete with large firms, negating the benefits of a set-aside.

Our Women-Owned Small Business experience

In recent years we have seen more opportunities set aside for Women-Owned Small Businesses (WOSB) companies. We won our first prime contract set aside for WOSB last year and we are currently pursuing several other contracts that have also been set aside for WOSB. The process of obtaining the WOSB certification using the new SBA system, beta.certify.sba.gov, is challenging and we hope improvements to the system are implemented.

Suggested Improvements to Federal Small Business Programs

Small Business Contracting Goal Improvements

We sincerely believe federal small business contracting goals are due for review and upward revision, for prime and subcontracts alike. The federal government's small business goal has not been increased in over 24 years, and the WOSB goal has not been increased since its inception. Goals are important for fostering an inclusive environment in the federal procurement landscape, and we have found them to be effective in keeping the federal government accountable to the stated congressional intent to engage small business contractors to the maximum extent practicable¹. While the government has effectively met most of its goals in the past several years, we note that these goals are a floor, and not a ceiling.

WOSB Program Improvements

We have found the certification process in beta.certify.sba.gov to be cumbersome and challenging, and we recommend increasing resources to SBA to ensure that they are able to successfully manage the certification process. We also recommend implementing automatic reciprocity between the 8(a) and WOSB programs, whereby an 8(a) firm that meets the WOSB/EDWOSB requirements would automatically be certified as a WOSB firm. Lastly, we believe the WOSB contracting goal should be increased governmentwide.

¹ Small Business Act of 1953

Mentor-Protégé Program Improvements

We support the Mentor-Protégé Program, and have been able to benefit from our participation. However, we encourage the Committee to consider allowing small protégés to have more than two mentors throughout the lifetime of the protégé firm. As you know, small firms tend to want to stay small as to avoid the “valley of death” that many firms encounter upon graduation from their industry’s size standard. Oftentimes in the environment of Category Management and Best-in-Class vehicles, a small firm can only be successful when partnering with a qualified mentor. As such, we recommend increasing or removing the cap on the number of mentors that one protégé can have.

Category Management & Best-In-Class Vehicles Improvements

We believe agencies should not be able to dual-track task orders as both a BIC set-aside and a full & open requirement. As previously noted, we have seen this occur on opportunities that we have pursued. Releasing a duplicate opportunity on the full & open track requires small businesses to compete with large firms, and it negates the benefits of a set-aside.

8(a) Program

We are grateful for ZemiTek’s opportunity to participate in the 8(a) program. This program has been a driving factor in our success in federal contracting. That said, adjustments could be made to allow even more success for small disadvantaged firms.

First, we believe the 8(a) sole source cap needs to be adjusted, both for inflation and to account for the increasing average size of federal contracts. We propose a significant increase of the 8(a) sole source cap. Currently the maximum total contract value for a sole-sourced 8(a) award is \$4M. Making it an annual cap of \$4M would be preferable, but at the very least the cap should be doubled.

The 7(j) program has helped our staff tremendously. However, we suggest better marketing of the program and tailoring based on each participant’s needs.

Additionally, we believe more resources need to be provided to SBA District Offices. Business Opportunity Specialists often carry an overwhelming workload, and are forced to focus on compliance rather than business development. Many SBA District Offices could benefit from a significant increase in staffing as well as more consistent training nationwide. We appreciate the services we have received from our District Office, but believe increased staffing and improved training would enable a better relationship, where they are fully aware of our business development needs and we are made fully aware of the range of services that they can and should be providing.

Graduation and Runway Extension

We appreciate the benefits of the Small Business Runway Extension Act, and fully supported this legislation. We also encourage SBA to quickly review size standards and apply increases where appropriate to account for inflation and consolidation of contract opportunities. Under current size standards, many firms will graduate in the next 12-18 months, in a pandemic environment where they cannot effectively compete with large, multi-billion-dollar firms. This creates perverse incentives to stay small, sell your company, or merge with another firm, which has a negative effect for the government buyer with respect to competition and innovation.

We understand the creation of a new designation for “mid-sized firms” may not be feasible with all the necessary infrastructure to support those firms. However, in the absence of a “mid-size” designation we believe programs like the Mentor-Protégé Program are the key to allowing firms to continue participating in the set-aside marketplace through graduation and beyond. As noted previously, removing the caps on mentors and protégés would provide recent graduates with a strong tool to survive the “valley of death” while also supporting smaller firms in the process.

Chairman CARDIN. Ms. Caldas, thank you very much for your testimony.

We will now hear from Mr. Rubio from Bowie, Maryland, not Bethesda, Maryland. I want to correct the record to make sure the great city of Bowie—the mayor is going to be with me tomorrow—got the right credit for Bowie.

Mr. Rubio?

**STATEMENT OF EURIPIDES “RUBY” RUBIO, PRESIDENT AND
CEO, OPS TECH ALLIANCE, LLC, BOWIE, MD**

Mr. RUBIO. Good afternoon, Chairman Cardin and distinguished members of the committee. My name is Euripides Rubio, and I am the President and CEO of Ops Tech Alliance—OTA—a 100 percent Hispanic and service-disabled veteran-owned business located in Bowie, Maryland. As a minority and an advocate for service-disabled veterans in business, I thank you for the opportunity to contribute to the discussion of how we can best tap the incredible potential of our country’s minority and women contractors.

My company, OTA, was formed to bridge the gap between operations and technology. We provide training, cybersecurity products and services. With the increase of cyber threats to our Nation, OTA’s background enabled us to consistently produce excellent results for our clients, and we’re very proud of that fact.

We also made the Inc. 5000 list for fastest growing companies the last three years in a row. So we are moving at a good pace.

I grew up poor with a strong mother who got us out of the projects and kept us on track. She got me to college, but because of financial constraints I had to drop out. So I was that one guy who went to the Army recruiter. He offered me \$50 a month to jump out of planes, and I said “Where do I sign?” So I spent 23 years in the Army with a career in Intelligence and Special Operations.

After my retirement I was eager to do something challenging, so in 2012 I registered OTA as a business. I invested all my retirement savings into this company. I even survived the 2013 government shutdown. But statistically, I was expected to fail.

By 2014 I hired our first employee, and we got into our first contract. By the end of the year I was responsible for four families, not to mention my own. Our biggest problem was a delayed payment by large prime companies. Of course, my employees could not wait 45 to 60 days to get paid, nor my bills.

The current law doesn’t enforce oversight to ensure small businesses are receiving prompt payment within 15 days. Faster payment will not burden a large business, but it will make a world of difference for small companies.

In 2015 we applied for the 8(a) program and got accepted, but I found that the reality was not what I expected. Our current clients were not familiar with the program, and there was a lack of awareness and result to use the 8(a), at least in my line of work. So I ended up in the same position where I started from.

It wasn’t until 2017 where we were searching for a business incubator, and that’s how we connected with Lisa Smith from the Bowie Innovation Center. They provided us with many resources, but more importantly the Bowie BIC 8(a) Accelerator program,

which included training, mentoring, and many resources to use the 8(a) more efficiently.

In the same year we were accepted to the Veterans Institute Procurement, the VIP, which was another great program, managed by Barbara Ashe, where we received very valuable training and networking with veteran-owned companies.

Without question, these two programs gave us a lot of insights in areas of business and client landscape that I couldn't find anywhere else.

As a minority and a veteran-owned business, we have more grit and experience overcoming obstacles. However, the competitive landscape is extremely unpredictable. And, of course, I'm not even addressing the devastating effects that COVID-19 had on small businesses. If it weren't for the PPP loan, I would not be sitting here talking to you today.

In conclusion, I believe the following key steps, if implemented by the committee, will have the greatest impact.

First, increase and enforce the contracting goals of the Federal Government and large prime contractors for minority small businesses.

Next, increase training for all government agencies on the actual process utilizing minority small businesses.

Expand access and require minority businesses to graduate from programs like the Bowie BIC 8(a) Accelerator and VIP.

Establish oversight to ensure that Federal agencies and prime contractors are paying minority small businesses within 15 days.

And lastly, change the protest process. Protests are devastating the procurement system and wasting money and opportunities for minority small businesses.

Thank you, distinguished members of the committee, for your time and attention to these issues. Minorities and women are clearly in the spotlight now, and I recommend focus on these matters more than ever. I'm honored to be here to speak on their behalf, and I'm ready for any questions you might have.

[The prepared statement of Mr. Rubio follows:]

**Realizing the Vision of Parren Mitchell – Untapping the
Potential of Minority and Women Contracting**



Testimony of

**Euripides “Ruby” Rubio
President & CEO, OTA**

to the

**Committee on Small Business & Entrepreneurship
United States Senate**

May 19, 2021

Testimony of Euripides "Ruby" Rubio
 President & CEO
 Ops Tech Alliance (OTA)

Good morning Chairman Cardin, Ranking Member Paul, and Distinguished Members of the Committee. My name is Euripides Rubio, and I am the President & CEO of Ops Tech Alliance ("OTA") – a 100% Hispanic and Service-Disabled Veteran-Owned business located in Bowie, Maryland. As a Minority and an advocate for service-disabled veterans in business, thank you for the opportunity to contribute to the discussion of how we can best tap the incredible potential of our country's minority and women contractors.

Ops Tech Alliance background

Ops Tech Alliance (OTA), a Maryland based company, is a certified SBA 8(a) Small Disadvantaged Business (SDB) and Service-Disabled Veteran-Owned Small Business (SDVOSB) founded by a former Intelligence and Special Operations professional. The company was formed with a single focus: to bridge the gap between operations and cyber technology in the United States' Government Department of Defense (DoD), Intelligence Community (IC), and Law Enforcement Agencies (LEA). We provide mission-focused training, specialized cybersecurity products, and support services to those government elements that require experienced operators to support their mission.

OTA achieved a position on the Inc. 5000 list of the fastest-growing private companies in America for three years in a row in 2018, 2019, and 2020. We also made the 2021 Inc. 5000 DC Metro area list. The company staff has over 75 years of combined operational experience. We are currently executing contracts providing professional services, cybersecurity products, and training support to various National Security elements in the US Government.

With the increasing cyber threats to our nation, our backgrounds and operational experience allow us to consistently produce superior operating results and provide an increased level of support to our clients.

The beginnings

I grew up in an underprivileged environment, but with a strong mother who got us out of the projects and kept us on track. She taught me to be tough and constantly encouraged me to learn and do well in school, which led me to the Pre-Med program at the University of Puerto Rico. Due to financial constraints, I had to drop out. I moved with my mother and younger sister to Florida, where I decided to join the Army. I was that guy who couldn't wait to jump out of planes for the \$50 dollars a month the recruiter offered me. But I ended up doing a lot more than jumping out of planes—I stayed in the Army for 23 years with a career in Intelligence and Special Operations.

After my retirement, I worked for a couple of companies in contracts supporting national security missions. This was the perfect fit for me. I had found a way to continue serving my country as a civilian. These roles gave me insight into what the next phase of my life could be, and the answer was in entrepreneurship. After 23 years of action in the military, I was itching to do something that got my adrenaline going again, something daunting and challenging. Starting a new business was just what the doctor ordered. I started researching SBA resources online,

went to my local SBA rep, and, in 2012, registered OTA in Maryland. A year later, I invested all of my retirement savings into OTA and took the daunting, challenging leap of faith. The timing was unfortunate, though, and not long after (in 2013) the US Government entered a Shutdown. To be honest, looking back, I faced many bloodcurdling situations in my previous military career, but this was scarier than any of them. I was in the initial stages of operating a small business that I had already invested my savings into. Statistically, I was already expected to fail. But now, absent the possibility of government contracts - I was alone and vulnerable. Even banks were not a viable option; I was a risk to them, and I knew it. I was terrified, but more motivated than ever before. I considered my life—how I grew up and the challenges I was exposed to as a minority—and knew I would not allow for defeat.

Financial reality

By 2014, I was on more stable ground. I had acquired enough money from friends and family to hire OTA's first employee. This was a big step for me. Now I had people—in this case a friend and his family—for whom I was responsible. In this same year, we got into our first service subcontract, which added three more employees. So, by the end of 2014, I was responsible for four families, not to mention my own. That motivated me to work even harder. This was a significant year for OTA in terms of initial growth. But with that growth, the need for cash became more critical. One of the biggest hurdles I faced was delayed payments by large prime businesses. In other words, I was not going to receive payment for my services until at least 45 to 60 days after I submitted my invoices. Of course, my employees could not wait 45 to 60 days to be paid, nor could my bills or overhead. It was a frustrating situation—even when we had good contracts, we struggled for cash. To this day, I know this is an issue small businesses struggle with. The current law doesn't enforce the monitoring to ensure small businesses are receiving prompt payment within 15 days, thereby giving fledgling small businesses more breathing room. It is essential for the continued growth of small businesses that large prime businesses be required to pay for services rendered within 15 days. Paying faster would not be a burden on larger businesses, considering they are more likely to receive payments from the government and to have larger lines of credit. But it would make a world of difference for small businesses.

During the process of growing the company, I made mistakes, but also learned a lot of lessons. One of those lessons was how important it is to have a good relationship with a financial institution. Through my network, I was introduced to a bank that eventually provided us with an SBA 7(a) loan and established a line of credit. This was a big life saver, but honestly I had no idea these loans were available until the bank brought it up. At this stage of growing the company, I had less time to do research and attend business training. I was unsure of what resources were available to me and of how to find them. There was so much that required my focus inside the company—creating and implementing processes, rules, and policies, performing HR functions, maintaining accurate and compliant financials, etc.—that it would have been impossible to focus equally on what I needed to know outside of the company. This is an issue that many other business owners face as their companies start to grow. Simply put: these small business owners don't know what they don't know. Increased awareness and training on how to take advantage of government resources should be available to them.

Competitive Landscape

The Federal Contracting space is a highly competitive market and is currently hampered by limited budgets, inadequate opportunities for minority small businesses and frequent contract award protests, which is becoming a norm and needs to be addressed.

As we searched for opportunities, I found it more difficult to penetrate the federal contracting market as a small business, so in 2015, I decided to apply for the 8(a) program. We were approved for the program, but I found that the reality was not what I expected. Our current clients were not familiar with the 8(a) program, so they hesitated to use it. There was lack of awareness, training, and resolve for the government to use the 8(a), at least in my line of work, so I ended up in the same position where I started.

Small Business Resources

We needed resources for mentorship, training, office space, and collaboration with similar companies, so we started searching for some sort of business incubator. That's how we connected with Lisa Smith at the Bowie Business Innovation Center (Bowie BIC) in 2017. They provided us with all of the above plus the Bowie BIC 8(a)-accelerator program, which brought not only training and mentoring, but people we could talk to and ask questions about how to use the program more efficiently. I regret receiving my 8(a) certification prior to this training, because their resources opened my eyes to areas and functions I should have been paying attention to from the beginning. Therefore, time and money were wasted during those years.

In the same year, we were accepted to the Veteran Institute for Procurement (VIP) growth program. This was another great program, managed by Barbara Ashe, where we had very valuable training and networking with other veteran-owned companies as well as government contacts.

Without question, these two programs gave us a lot of insight into areas of our business and client landscape that I couldn't find anywhere else. I strongly believe that the government should make it a requirement for small businesses to receive such training, even before they receive certifications like an 8(a), SDVOSB, or others. I believe this will increase the success of small businesses but also increase the confidence of US government clients so that small businesses will be better prepared to execute their contracts. Both sides win.

In conclusion

We are a small company, but not afraid of the challenge. As a small business we have a lot more flexibility, cost efficiency, and innovation than a large business. As a minority- and veteran-owned small business, we have more grit, savvy, and experience overcoming obstacles than a large business. However, the competitive landscape for minority small businesses is extremely volatile. And of course, I am not even addressing the devastating effects that COVID-19 had on small business and financial resources. If it weren't for PPP, I would not be sitting here talking to you as an operating company.

I believe these are some key steps that, if implemented by the committee, would have the largest impact on minority small businesses:

- Increase and enforce the contracting goals of the federal government and large prime contractors for small businesses, 8(a) firms, SDVOSBs, WOSBs, and HUBZone companies.
- Increase training for Contracting Officers on the actual process for utilizing resources like 8(a), SDVOSB, WOSB, etc.
- Expand access and require minority businesses to graduate from programs like the Bowie BIC 8(a) accelerator and VIP.
- Establish monitoring to ensure that federal agencies and especially large prime contractors promptly pay minority small businesses within 15 days.
- Change the protest process. Protests are devastating the procurement system and wasting money and opportunities for minority small businesses.

Thank you, Distinguished Members of the Committee, for your time and attention to these issues. Minorities and women are clearly in the spotlight now and I recommend focus on these matters more than ever. I am honored to be here to speak on their behalf. I am ready for any questions you may have.

Chairman CARDIN. Let me thank both of you for your testimony, and let me make this observation.

The American Jobs Plan is really a once-in-a-generation opportunity to make a significant investment in the infrastructure of our Nation. But we also have to make sure it's opportunities for all businesses to participate in that infrastructure. So we need to operate from the beginning with the opportunities for small businesses, particularly in the underserved communities, in the minority communities and women-owned small businesses.

That's one of the reasons for this hearing. You've made a lot of suggestions. We're going to be looking at those suggestions. We're in discussions with the Biden administration and with our House counterparts as to how we can ensure that the investment in infrastructure will be used to advance these goals, and I think you've given us a lot of good suggestions.

I want to talk for just a moment about the Bowie Accelerator program. We're very proud of what they do at Bowie. It's one of the great examples, and it's been extremely helpful. The VIP program that Barbara Ashe heads is one that I brag about all the time. It started with the resources of the local Chamber of Commerce in Maryland, in Montgomery County. It became a national model because it served the national community of veterans, got a partnership with the Small Business Administration. We were pleased to promote that, and now it is truly the template for how we can provide services to veterans in our Nation.

So we're proud of both of the programs that you all have referred to.

I want to deal with raising the caps that you've talked about, so let me start with the sole source, because sole source is one of the great tools that allows for the contract really to be made with minority businesses and women-owned businesses.

Today, the cap on a multi-year contract is about \$900,000 on sole source, which really takes you out of the prime contract area exclusively. So you deal with the abuses you're talking about on prompt payment and all the other challenges you have in dealing with prime contractors.

So just elaborate a little bit more for me how important it is in reality, what types of contracts are we talking about that you all could qualify for under sole source if that cap was raised.

Either one who wants to start.

Mr. RUBIO. Well, I can tell you, sir, Senator, that we missed opportunities because of that cap. Like Ms. Caldas mentioned, it should be increased even yearly, because when you look at those numbers and the opportunities that are out there, the numbers are not keeping up with inflation, with the economy. So it definitely should be increased. When you look at these numbers, they haven't changed in a long time, over 20 years. So I think it's time.

Chairman CARDIN. And when the contracting agency is limited by the size, they can't put these contracts up for sole source even though they may be ideal for the sort of special attention that Congress intended.

Ms. Caldas, do you want to add anything to that?

Ms. CALDAS. Yes. I'm just going to provide a couple of examples. We have received a couple of sole source 8(a) contracts. The limit

was \$4 million. And this is just to illustrate how important it is to increase the cap. One of our coding contracts is providing technical support services to USAID and the Mission in Haiti. Because of all the security problems they have had in that country, they have had to rely more and more on contractors to provide service support.

We received the contract sole source award, and because of this situation, we started deploying and providing technical assistance and staff, and this contract is less than a year old, and they already have committed to around 80 percent of the ceiling of that contract. It takes time for the agencies to identify companies like us that have the technical expertise and have the knowledge to deliver those services. They establish, they award the contract, and then they get themselves in a situation where they are reaching the cap and the ceiling very quickly, and they don't have the flexibility to increase that ceiling.

I think it's very obvious that whatever—the contracts that were \$4 million so many years ago, you cannot buy the same amount of services as you do today. But the reason for the sole source allows for an easier expedited process to issue these contracts, and it is not very straightforward for the agencies to understand if they have any flexibility to increase it and what is the next step.

So I just wanted to illustrate one of the examples. That is the type of services that we provide, and it would be beneficial for 8(a) companies, but also beneficial for the Federal Government buyers.

Chairman CARDIN. Let me ask one additional question, and that is that I was pleased, and you acknowledged in your testimony, that we extended the 8(a) program for an additional year as a result of COVID-19 in the NDAA bill. But I want to talk about graduating out of the 8(a) and your ability to compete once you have completed the number of years of eligibility.

We had the 7(j) technical assistance that's supposed to be helping you transition off of the preference under the 8(a) program. Should we be looking at ways to strengthen the ability to deal with the transition off of 8(a)? Are there other issues that we should be looking at? Are there things that we can do to make it more resilient for small businesses that were 8(a) that no longer are?

Ms. CALDAS. Absolutely. Prior to forming my company, I supported a small business, mid-size businesses, and I was also an employee of large companies. The type of resources that large companies have to compete for work cannot even compare to what a small business can do. So what happens is many of our small business company owners start worrying about the situation where you go from being a small business to other than small. Other than small could be a company that just graduated from their NIC code. It is a very difficult environment where a lot of small businesses don't survive, or they start finding ways to stay small so they don't enter the "valley of death," like some companies mentioned, or they look for opportunities to be acquired because they know that they may not be able to compete in that environment.

So there are several things that could be done. One of them is revising the size standard under NIC codes so a small business could take advantage of staying small a little bit longer while they strengthen their capabilities to graduate from that NIC code.

Allowing more mentors in the Mentor–Protégé. As I mentioned in my testimony, small businesses can only have two through the life of the company, when mentors, and most of them are large businesses, can have three Protégés at the same time. So allowing for more mentors also gives the opportunity for small businesses to grow and learn more through the advice of those companies.

So there are many, many other options out there that should be considered. Training is always good. But at the end, when you finish the training, you need to find ways to have resources to compete in an environment where it's just very, very hard to compete.

Chairman CARDIN. Thank you. I appreciate that.

Senator Hawley and Senator Scott have passed on questioning, so we're up to Senator Marshall.

Senator MARSHALL. Okay. Well, thank you so much, Chairman. Glad to be here, and welcome to our witnesses this afternoon as well.

In today's hearing we're supposed to be talking about the HUBZone service, disabled and veteran-owned and woman-owned small business programs. Our staff and myself, we made a huge effort to reach out to our minority Chambers, to small business owners, small business wannabe owners in economically distressed communities, and I certainly have not solved the puzzle yet.

And as I interviewed people and listened, two big issues remain, among others, two that I've identified: access to capital, and really financial literacy. So I want to talk about access to capital for a second.

What advice would you be giving to me to give to future small business owners when it comes to accessing capital? And in particular, I want to know if you've had any experience with the CDFI, the Community Development Financial Institutions.

I'll ask each of you first, and ladies first, Ms. Caldas, please.

Ms. CALDAS. Having access to capital is imperative. When we started and we reached out to one of the banks that we were working with, the first thing they tell you is we want you to be in business for two years. Then you go back and knock at the door, it's been two years and, oh, it just depends on how many contracts you have. When you have contracts, come back and show the bank, and the bank said, well, we want you to have multiple years.

And in the meantime you have payroll, you have benefits to pay for your employees, and many of us do a couple of things: one, cashing in retirement and mortgage the house, just to make sure to keep the company moving; or using some services where you sell your invoices and pay very high interest so you can manage your cash.

It has been helpful when we started winning prime contract work because some of the Federal agencies do pay us quickly. It is completely different when you are a subcontractor to large primes. Sometimes you get paid 60 days, 90 days, and payroll needs to be paid before the invoice goes out.

So definitely there should be more resources dedicated to either some of these financial banks, working with the SBA and providing some ability for smaller companies to start being able to have access to borrow based on the work that they are doing and making

it easier to tap that capital. It is not that easy, and we all as small business owners have gone through that.

Senator MARSHALL. Right. Mr. Rubio, I certainly understand it's a challenge. That's what I'm trying to get at. Have you had any experience with CDFIs? And where are people getting access to capital, woman-owned businesses, minority-owned businesses? Any advice?

Mr. RUBIO. In my case, when I first started, I had to borrow money from friends and family, and a lot of people do that. Like she said, you show up to a bank and they say great story, great company, great contract, but you just got a contract, we're not giving you money.

There was this thing we did not know about, the 7(a) SBA loan, and we actually got that. One bank, actually—we ended up with Sandy Spring, and they're the ones that actually told us, hey, by the way, there's an SBA-backed 7(a) program, and that saved our lives, actually. I got my first loan there. Of course, you also had to put in your house, your life insurance. I had to put everything in it, but that actually helped us a lot.

Senator MARSHALL. Was that like a 5 percent down? Is that what that type of loan was?

Mr. RUBIO. Yes, there were some fees there, and since I was a veteran too, there were some things that were waived. But it was an easy—well, not an easy process, but definitely once we found out that that was available, we're still in it today. The deal with that is there was no education. I had no idea that it existed.

Going back to education, things like the VIP, the 8(a) Accelerator—actually, I found out after the fact. I went to this course, this training, years into when I started the company, and I wish I would have done all that before even getting my certification. I regretted getting my 8(a) so early, and I was already three years into it. I wish I would have had this training before I did this.

And the same thing with the money, the education. They brought the banks, they brought folks, CPAs who came in and talked to us. The deal with these programs is you actually have to sit there, and all these folks come in, and you can mentorship, you can ask questions. It's different from me sitting online and going through a class. It was more interactive, right? And you have folks who have actually done it.

Senator MARSHALL. All right.

Thank you, Chairman. I yield back.

Chairman CARDIN. Senator Shaheen?

Senator SHAHEEN. Thank you, Mr. Chairman.

And thank you both very much for being here and for your insights into what we could do to make these programs more effective.

One of the concerns that I've heard from a number of small businesses in New Hampshire is the challenge of getting into Federal contracting. It requires a lot of paperwork, there's bureaucracy, and they find it really challenging. I've also heard that they feel like the agencies that they may be talking to have businesses that they've done business with over the years, and so they're not that welcoming to new small businesses that want to do work for them.

So I wonder, I think you talked a little bit about how you got into the programs, the SBA programs. But can you talk a little bit about what your experience was getting into Federal contracting and what was the break that allowed you to do that?

Either one or both of you.

Mr. RUBIO. It helped me that I was already in the government. I was retired, so I understood the system, I was used to it. Networking is a big, big piece to it, of course, for any business.

The issue for me was that when I first came in I had to develop a business plan. And it's not their fault, but when I went to the SBA office, the sample they gave me was actually a hot dog stand, and they were trying to simplify it for me. But that doesn't compare to what you have to do in a Federal—Federal contracting is a different animal. I mean, the financials alone, when I first started the company, you had to be DCAA compliant. Okay, what does that mean? There is actually a whole agency that does that.

So there are a lot of things, a lot of rules and policies that you have to establish, for good reasons, but I don't think the SBA is prepared—they don't have, at least in my case, they didn't have anybody that was actually Federal contracting experts. And again, going back to the training that we received, those guys that were there, those folks were important for me, in my experience.

Senator SHAHEEN. Ms. Caldas?

Ms. CALDAS. Yes. Similarly, before I formed ZemiTek, I supported the Federal Government as an employee of a small, mid-size, and large contractors. So I knew enough how to deliver work and understood the Federal contracting environment to an extent, because as a manager we didn't have access to certain information. It was challenging. For the reasons he was mentioning, we saw a lot of 8(a) companies apply, but by the time they figured things out they were already three or four years into the program. So that's why we decided to wait through our infrastructure, our accounting system, before we applied for the 8(a) program.

Now, with regard to something you mentioned that helped us break into some of the agencies, because it is true, sometimes you are trying to provide support to some agencies and you don't understand how they work. They have different language, and they have different missions. What worked for ZemiTek was looking for opportunities where we could bring our experience as a subcontractor, and it gave us the opportunity to learn how that agency worked before we tried to pursue work in that agency as a prime contractor. It would have been very difficult for us to win the work without having an understanding not only of the Federal contracting landscape but specifically understanding of that Federal agency, what they buy, what are the rules and regulations, because besides the Federal regulations, each agency has some regulations that you just have to understand.

So those two things worked for ZemiTek trying to tap into Federal contracting.

Senator SHAHEEN. Thank you. Can I ask you, too, about your certification as a woman-owned small business? The rules are changing, and as of October you're no longer able to self-certify. I also understand that that's off to a relatively slow start in terms of

helping women-owned small businesses understand how the new process is going to work.

Part of the problem is you have something called the Rule of Two, where there have to be two women-owned small businesses who can compete for whatever the contract is, and part of the challenge is we don't have that many women-owned small businesses. So it's sort of a Catch-22. Have you experienced anything similar to that?

Ms. CALDAS. I'm going to answer your question in two parts, the certification, and opportunities for the women-owned.

The certification process has changed, and the new system is cumbersome and is difficult to navigate. I have been applying to certifications since 2008. You go from the paper process, to a system process. When you had Certify it was working, and we got certified in September 2020, and now they have a new system, and there is not a lot of support sometimes from the SBA to navigate the certification process to complete the new procedures that we need to do before our first year. When we certified in September with the Certify process, we have one year to then jump to the new system.

So the process is difficult, and there is not a phone number of somebody you can call. You keep on sending emails and just trying to resolve the problems by yourself. So one is the certification.

Regarding opportunities, I have seen a lot more opportunities for women-owned small business in the last couple of years, and there are so many years that we have supported the Federal contracting. One thing that we are dedicating resources and, as you mentioned, they need to do the research and prove that a small business can do the work. I do believe there are a lot of woman-owned small businesses that can do the work. Sometimes I think the agencies, it's hard for them to find it, and it is also our responsibility as woman-owned small business to make the agencies know that we are out there.

So one of the things that we are doing is any time an agency has a requirement that we think we can do the work and they have a request for information release, we are dedicating the resources to respond to that and to let them know we can do the work, and by the way, we are 8(a) and woman-owned. We have seen good results on that. Last year we pursued and won a contract that was a set-aside woman-owned using the GSA schedule, and this year we have seen one or two in the last few weeks that have been released, set-aside woman-owned, using the GSA Best-in-Class OASIS.

So something is happening. Things are changing. We are seeing more than we have seen before. But I just wanted to address the two things, the certification process and the number of opportunities that are starting to go up for woman-owned small business set-aside.

Senator SHAHEEN. Thank you. That's very encouraging.

Thank you, Mr. Chairman.

Chairman CARDIN. We'll now go to Senator Hirono, who is with us through Webex. I understand she was here when the gavel was brought down, so I thank her for her patience.

Senator HIRONO. Don't let it happen again, Mr. Chairman.

[Laughter.]

Senator HIRONO. Thank you very much.

Have both of you gotten sole-source contracts?

[Pause.]

Senator HIRONO. Hello? Can you hear me?

Mr. RUBIO. Sole source you said?

Senator HIRONO. Yes. Have both of you gotten sole-source contracts as 8(a)?

Mr. RUBIO. I have.

Ms. CALDAS. Yes, I have.

Senator HIRONO. Both of you. So, how does a company—for example, you're just starting out, you're in an 8(a), you have no track record. How do you qualify? How do you get the attention of SBA or any of the contracting entities if you don't have a track record as a sole-source provider? I think, Ms. Caldas, you touched on that a little bit. How did you gain the attention of the contracting entity so that they could do a sole-source contract with you when you just started out?

Ms. CALDAS. Yes. As I mentioned before, we understood that challenge, so we did not enter the 8(a) program when we qualified. We only needed to be in business for two years when we applied for the program, and we were in our eighth year when we submitted our application. So in the moment when we submitted for the 8(a) program, we already had some experience doing work as a subcontractor that we could pull forward when we were trying to pursue work to demonstrate that we could do that work.

It took us several years more to get our—we have gotten three sole-source contracts, one really small with the Defense Innovation Unit of DOD, and two others providing technical assistance overseas. But at the time that we were pursuing those, we had enough past performance and past experience to demonstrate that we could do the work.

It is a little more difficult for new companies entering the 8(a) that don't have that track record to be able to demonstrate that they can perform the work, so it makes it difficult for them to pursue 8(a) sole-source contracts.

Senator HIRONO. So is the path you followed to be in getting subcontracts so that you did have a track record, is that the usual path for 8(a)s who want to obtain sole-source contracts, Ms. Caldas?

Ms. CALDAS. I don't know if it is the usual path. I think the 8(a) is intended for 8(a) companies to be able to pursue those sole source when they are starting. But the reality is that when you are trying to pursue that work, you need to be able to demonstrate that you can do the work and that you have the capacity and the infrastructure to do the work. So I think it is a big mismatch in what is expected versus reality, and I think a lot of small businesses that join the 8(a) program think, okay, now I have 8(a), I can get a sole-source contract, and then find it difficult, taking several years, to be able to gain the experience that they need to pursue it. So that's the reality.

Senator HIRONO. That makes a lot of sense to me that a small business should have a track record if they hope to compete for a

sole-source contract. It's probably something that the SBA should inform the 8(a) participants that that's the reality of things.

So how many years are you into the 8(a) program, Ms. Caldas?

Ms. CALDAS. Five years. We entered the year in 2016, but just so you can compare, the company is going to be 14 years old in a few months, and we've only been in the program for five years.

Senator HIRONO. Yes. So I think that you are probably quite unique in how you have very strategically managed your company so that you are able to maximize your participation in the 8(a) program, so I commend you. And you have obviously grown your business to 70 employees. When you started, how many employees did you have?

Ms. CALDAS. One, me.

[Laughter.]

Ms. CALDAS. The first year was me, and then I had a second person part-time.

Senator HIRONO. You should be a mentor. I think you said mentors would be good.

You mentioned the concern about the category management contracting model, and I've heard from other companies, other minority-owned businesses that are concerned about the category management contracting model because it means that there are fewer contracts to go around, which means fewer opportunities for minority-owned businesses, particularly small businesses, of course. You have expressed some concerns about it. What should we be doing? Should we be getting away from this sort of contracting model?

Ms. CALDAS. I think with the category management and the Best-in-Class, it's a combination of issues. One, it is really hard to get in as a small business because, again, for you to be able to be successful and have one of those contract vehicles, everything is based on the scoring, and the scoring depends on how many contracts you have, what type of certifications you have. And the other thing is that those contracts don't have a full open enrollment, so they are every five years, a small window for you to try to apply and enter.

So a lot of companies are doing, and we were successful just by partnering with a large business. So we as a team, who score high enough to enter—to gain the vehicle. So that's one thing.

I think more agencies need to be educated about what is expected to be done with category management, because what we have personally seen is that we need to meet our category management goals, and certain requirements that were performed by small businesses are being moved to either the unrestricted pool or they—and we have seen this a couple of times. I don't know if it's something that is happening frequently. They release the same requirement at the same time for the small business pool and the unrestricted pool, and at that point you are really not competing. It is really just too hard to compete when you know that the large business is also going for the same work.

So it is challenging because then a lot of the newer small businesses that don't have that experience, it's almost impossible to get into those vehicles. So it's either facilitating that some small businesses can really be part of it and opening the enrollment so we are not—I mean, we made an effort and we knew we only had one

chance, we have to do it with a large business because if we don't do it now, we need to wait five more years. And then a lot of the requirements started to be consolidated and bundled. And because they are consolidated and bundled, they bundle a lot of small business requirements into a large requirement that they then release in the unrestricted pool.

So I think it needs to be more visibility and oversight in how these plans are being implemented, because this is just reducing the contracts that are available for small businesses to pursue.

Senator HIRONO. Mr. Rubio, do you share that perspective regarding this kind of model for contracting?

Mr. RUBIO. Yes, and I was also—it's interesting because we had different experiences. I was in the JV also, in the mentorship program, and that was another lesson learned because there was not a match, and I wish I would have known a lot of things before I got into that. It's kind of like a marriage. You get married. You see each other's culture and financials and everything. So that did not work as well.

As far as going back to the sole source piece, I just wanted to mention something, that I did have some issues with that, and it was that our clients—the deal with 8(a)s is that you have 8(a)s in specific areas, like I was supporting a very specific client in DOD, the Department of Defense, and they were not familiar with 8(a)s. They had no other 8(a). I was the first 8(a) that showed up, and I actually had a relationship with this client as far as doing other work for them. When it came to the point where we had to do a—we said, hey, let's go, we're an 8(a) now, and that's what happened back in 2015. I got my 8(a) and said, okay, we have an 8(a), and they said we have no idea how to use you like that, let's just keep doing what we were doing before. And we couldn't actually grow any business we were doing with them because of that. So education on the government side definitely was an issue for us, and even for us, because I didn't know how to tell them until years later, when I learned.

So I did not wait, like you did. I should have.

Senator HIRONO. Considering that—

Chairman CARDIN. Thank you.

Senator HIRONO. Oh, I'm sorry. Considering that all contracting agencies I thought were supposed to have certain goals regarding minority-owned business contracting, the fact that some entities still don't seem to know that, never heard of 8(a), that's pretty astounding.

Mr. Chairman, I think this idea, this concern about the category management contracting model, I hope that we can ask further questions about how that is being implemented and the impact on 8(a)s and small businesses.

Thank you, Mr. Chairman.

Chairman CARDIN. Thank you, Senator Hirono.

Senator ROSEN by Webex.

Senator ROSEN. Thank you, Chairman Cardin. I appreciate you holding this important hearing on Federal contracting for minority and women-owned businesses.

I really want to thank the witnesses here today, too, for your insightful testimony, for your hard work to build your business and

mentor others. What I want to say is that 99 percent of businesses in Nevada are small businesses, and so we understand their importance not just to our community and to our families but, of course, to our states and country.

Congress has historically worked to enhance the integration of our small businesses in the Federal contracting process. In Fiscal Year 2020, Nevada small businesses received over \$500 million in Federal contracting dollars. More than \$220 million was awarded to small disadvantaged businesses, minority-owned businesses that are also economically disadvantaged, but \$157 million awarded to woman-owned small businesses.

So I'm pleased that in recent years the Federal Government has met its goals on small business contracting; but, of course, there's always room to improve minority- and women-owned businesses in Nevada and across the country.

Ms. Caldas, can you tell me what you think we could do to improve not just the process but increase opportunities for women-owned businesses and just really increase the awareness that these things exist? And also do you think the resources that you needed were available to you through the process of seeking your opportunities? And what might you add, future resources that you think SBA could put in to help women and minorities and others in their quest to get their own small business going?

Ms. CALDAS. Several things regarding the woman-owned small business. I think the process of getting certified should be streamlined and should be easier. I mentioned in my testimony that we go through the process, for example, 8(a), we have proven that we are a U.S. citizen, that we belong to these groups, and that we have control of the business, and then we need to go through the same process to prove that we are woman-owned, controlled by a woman.

So reciprocity between the 8(a) and the WSB. If we submit an application for the 8(a) and I already have proven that I am the sole owner, that you can get the WSB certification without having to go through the process is one thing.

I think woman-owned small businesses need to receive some education in how to market to some of the agencies and have the resources available to respond to the requirements that agencies have to at least demonstrate that woman-owned small businesses out there are capable of doing that work.

And I think at the same time agencies and government buyers and the contracting officers need to have a better understanding of setting aside work for woman-owned small businesses. Some agencies are doing better than others, and I think it's just a matter of some education and training and understanding.

Just playing devil's advocate, sometimes the buyer needs to buy the services quickly, and they are going to go the fastest and easiest way to do that. So if they have an ability and they have an understanding of how to tap into the woman-owned small businesses out there, I think it's just going to benefit both the agencies and also the companies that are owned by women.

Senator ROSEN. Thank you. I think you're right about improving outreach and awareness. That's always an important factor.

Mr. Rubio, I want to thank you for your service to our country. Of course, in Nevada we're proud to be home to over 225,000 veterans, and one in eight of our small businesses are veteran-owned. We also have one of the largest Latino populations per capita in the U.S., so really part of our small business ecosystem.

So what do you think Congress can do to improve Federal Government's contracting numbers for veterans like yourself and being sure that there's outreach and awareness? What do you think you can add in the short time I have left? Thank you.

Mr. RUBIO. Thank you, thank you. It's basically the same thing. Also with the certification, after going through the 8(a) process, I had to get certified as a WSB, and we had to go through exactly the same process, although you can self-certify. But in order to get that CVE, you had to go through the process.

It's education, going back to the same thing. The programs like VIP and the 8(a) Accelerator are things that we need. You need to get training like that before you get your certification because, like Ms. Caldas mentioned, you get your 8(a) or CVE and you go, okay, I'm ready, and crickets. Nobody comes or calls. You think that the phone is going to be ringing off the hook.

And I get the part where we have to do marketing, we have to reach out to clients, but it's education on both sides, because your clients, the clients you've been dealing with, they don't even know how to use it.

Senator ROSEN. Well, thank you. I think this has been really informative. Outreach and training on both sides, streamlining, duplication in the process, that's going to make it easier for everyone, and then hopefully more effective for small businesses to move forward.

Thank you, Mr. Chairman.

Chairman CARDIN. Thank you, Senator Rosen.

You all have really put a lot before us, and we're going to be taking that into consideration. We did talk about the mentorship programs and the limitations that are there with the way that it has been merged with the Protégé program, so we will be taking a look at that.

We haven't had a chance yet to talk about HUBZones. I understand, Ms. Caldas, you did participate in a HUBZone. I don't know if you have any suggestions on how we could improve that program to make it more effective. We know it's important, but we do get concerns as to whether that's being most effectively designed in order to help underserved communities.

Ms. CALDAS. Yes. We were HUBZone very briefly. We entered the HUBZone program in 2009. It is very difficult to qualify in the HUBZone and maintain it because of the requirement that 35 percent of your employees should also live in a HUBZone, and you cannot dictate where your employees are or where they're going to move to.

And then with the Census of 2010, a lot of companies like mine, zones change, and we lost the certification.

So making it easier to maintain with the HUBZone would be one thing to take a look at.

Also, make more opportunities available for HUBZone companies. When we were in the HUBZone program, a lot of the require-

ments that were released under that program, we couldn't find enough technical work aligned with what we were doing that we could pursue. What helped us was to be part of being a subcontractor because the large companies had to meet the goals of having a certain percentage of work contracted to HUBZone. So that's the only thing that we were able to take advantage of when we had the HUBZone.

So looking for opportunities for HUBZone companies that are really good opportunities for the companies to do the work. You don't find a lot of IT work under HUBZone. I think I saw one a few months ago, and even though we were not HUBZone, I was just so happy to see that something real and tangible was really good work. More opportunities released under the HUBZone, but also facilitate the certification process. I know that there have been some changes lately in the HUBZone, but still the opportunities that are set aside for the HUBZone are very limited.

Chairman CARDIN. Thank you.

I know that Senator Hickenlooper was attempting to be here. He may have an opportunity to ask questions for the record if they're asked.

I want to thank both of you again for your testimonies. I can assure you we're going to be following up on the points that you have raised, and I think we will have opportunities during this Congress to respond to many of the points that you brought to our committee.

So, in the legacy of Parren J. Mitchell, we're going to be doing everything we can to make sure that the tools available to the SBA are there to serve the underserved communities, minority businesses, woman-owned businesses, veteran-owned businesses, which Congress has intended to make sure it's carried out to its fullest.

And with that, the committee will stand adjourned. Thank you very much.

Ms. CALDAS. Thank you.

Mr. RUBIO. Thank you, Senator.

[Whereupon, at 3:32 p.m., the hearing was adjourned.]

APPENDIX MATERIAL SUBMITTED



National
Urban League

Empowering Communities.
Changing Lives.

May 19, 2021

The Honorable Ben Cardin
Chairman
Committee on Small Business & Entrepreneurship
United States Senate
428A Russell Senate Office Bldg
Washington, DC 20515

Dear Chairman Cardin,

As President and CEO of the National Urban League, and on behalf of its 91 affiliates in 36 states and the District of Columbia, I'm writing to thank you and Members of the Committee for holding this important hearing on *"Realizing the Vision of Parren Mitchell – Untapping the Potential of Minority and Women Contracting."* We appreciate your tireless dedication to supporting our country's minority-owned enterprises, and we welcome the opportunity to provide our perspective on how best to ensure that our Nation's minority-owned small businesses receive the support they need to help them weather the economic downturn caused by the COVID-19 pandemic.

Our main street establishments—beauty shops, barbers, neighborhood cafes, and specialty services—have long been the lifeblood of our Nation's communities of color. Unfortunately, these businesses faced significant challenges accessing the credit opportunities they needed to stay afloat long before and especially during the COVID-19 pandemic. A study by the New York Federal Reserve found that 41%, 32%, and 26% of Black, Latino, and Asian-owned small businesses, respectively, were forced to shut down between February and April 2020 compared to just 17% of white businesses during the same period.¹

As our Nation's small businesses continue to recover from the financial challenges brought on by this unprecedented public health and economic crisis, securing passage of the small business relief measures discussed in this letter will be particularly important to reinvigorating the many communities of color nationwide that have shouldered the burden of illnesses, unemployment, and economic instability caused by the COVID-19 pandemic.

¹ Federal Reserve Bank of New York, *"Double Jeopardy: COVID-19's Concentrated Health and Wealth Effects In Black Communities,"* August 2020. Available at: https://www.newyorkfed.org/medialibrary/media/smallbusiness/DoubleJeopardy_COVID19andBlackOwnedBusinesses

I applaud the Committee for focusing the hearing on former Congressman Parren Mitchell's longstanding work in service of helping our Nation's entrepreneurs of color to launch and grow their businesses. During his sixteen years in Congress, particularly his time as Chairman of the House Small Business Committee, Chairman Mitchell established a reputation as a staunch supporter of our Nation's struggling black-owned businesses. It is with his remarkable legacy of fighting to ensure that Federal contracts be set-aside to socially-disadvantaged businesses in mind that the National Urban League continues to advocate on behalf of our Nation's minority-owned business. I commend the Committee for making a concerted effort to build on his important work, particularly given the myriad challenges minority-owned businesses continue to face in seeking the necessary access to credit they need to grow.

Crucial to any meaningful effort to support minority-owned businesses is the immediate authorization of the Minority Business Development Agency (MBDA), which has a long and proven track record of leveraging the strengths of minority-owned businesses to help grow the American economy while creating well-paying wage jobs in communities across the Nation. While other Federal agencies focus on all communities and emerging businesses, MBDA focuses exclusively on the unique needs of minority-owned businesses, many of which continue to face barriers accessing the credit opportunities they need to excel.

While MBDA's programs and services have secured more than \$40 billion in contracts and capital for minority-owned small businesses, more has to be done to expand on the agency's important mission. The Chairman's legislation—*The Minority Business Resiliency Act of 2021*—which seeks to establish the MBDA in Federal statute while creating and expanding existing programs that benefit and support Minority Business Enterprises (MBEs) formation, represents an important first step toward that direction. We are also encouraged by the legislation's prioritization of MBDA funding for non-profit intermediaries that are rooted in the very communities they intend to serve.

Moreover, to better ensure that many minority-owned businesses can access the support they need to access Federal relief programs, Federal leaders must continue to engage with the community-based infrastructure best positioned to reach our Nation's minority-owned small business owners in their communities. To that end, we applaud the Biden Administration's efforts to stand up the *Community Navigator Pilot Program* to partner with organizations with deep roots in their communities in an effort to strengthen outreach to underserved small businesses. Such efforts must be expanded to better ensure that targeted small business relief measures reach the highest-need communities.

Given that our Nation's minority-owned small businesses have disproportionately borne the brunt of the economic hardships caused by this unprecedented crisis, it is of utmost import that Federal leaders re-double efforts and use all available levers to support these important institutions in the coming years. To that end, explicit inclusion and meaningful participation of MBEs must be a priority in any proposal put forward by the Administration that seeks to provide much-needed investments in our Nation's infrastructure. Categorical, unambiguous, and meaningful MBE participation in any infrastructure initiative should include supplier diversity requirements, including affirmative promotion of business programs that encourage the use of Black-owned businesses as suppliers of goods and services. To the extent possible, it should also include an emphasis on the

creation of a diverse supply chain that ensures the inclusion of diverse groups in the procurement plans for infrastructure improvements and expansions.

Thank you for your consideration of the National Urban League's policy priorities. Should you have any further questions, please feel free to reach out to Susie Feliz (sfeliz@nul.org) or Julius Niyonsaba (jniyonsaba@nul.org) at the National Urban League's Washington Bureau. We look forward to working with you to ensure that our recommendations are fully integrated into any future legislation.

Sincerely,

A handwritten signature in blue ink, appearing to read "Marc H. Morial", with a stylized flourish at the end.

Marc H. Morial
President & CEO
National Urban League



June 21, 2021

Senator Benjamin L. Cardin
Chairman
United States Senate
Committee on Small Business & Entrepreneurship
Washington, DC 20510-6350

Reference: Committee on Small Business and Entrepreneurship Hearing May 19,
2021 *"Realizing the Vision of Parren Mitchell – Untapping the Potential
of Minority and Women Contracting"* – Follow-up Questions for the
Record

Dear Senator Cardin,

Thank you for the opportunity to answer additional questions regarding improving the
Government's Minority and Women Owned Small Business contracting programs.

Below are answers to the questions received from Senator Hirono and Senator Young.
My responses are in italics immediately following each question.

Sincerely,

DocuSigned by:

AEC9E9CE24AE4498...

Rosa Q Caldas
President & CEO
ZemiTek, LLC



Questions from: **Senator Hirono**

Women and minority-owned businesses

During the last year, COVID-19 has negatively impacted businesses everywhere. Women and minority-owned businesses are no exception:

QUESTION 1: Can you elaborate on your experience with COVID-19 and the challenges you experienced with the pandemic?

Response to Question 1: One of the most significant challenges was the toll that the pandemic had on my team and workplace morale, as many team members faced uncertainty about the health of family and friends, in addition to the need to pivot to a remote and distributed workforce.

As the pandemic started and the government workforce moved to full time telework, we experienced delays on processing and payments of our vouchers.

Work that we normally performed in-person overseas had to quickly shift to fully virtual support. Further, other overseas work requirements slowed down, and we had to find ways to keep personnel busy to avoid reducing the workforce in the middle of the pandemic.

Normal business development, client engagement, networking, and matchmaking opportunities were significantly reduced, and growth was much more difficult. During the pandemic, the opportunities for traditional business development were simply nonexistent, instead the sector relied on virtual conference platforms to serve in the place of industry trade conferences and formal sit-down meetings.

QUESTION 2: What resources helped you navigate these challenges, and what resources did you feel you needed?

Response to Question 2: Emergency small business relief was instrumental in providing a safety net to small businesses nationwide. The Paycheck Protection Program loans allowed small businesses to continue operating, helped them address cash flow issues and kept their workforce employed.

Further, the ability to quickly pivot to a distributed and remote working environment was crucial for building resilience from the widespread cancellation of traditional in-person meetings.



In addition, the one-year extension that was provided to participants in the 8(a) program was extremely helpful and we are very grateful to the Committee for leading the effort to provide that benefit. This extension helped to alleviate some of our concerns that we would lose valuable time within the 8(a) Program as a result of the pandemic.

Resource partners

Many women and minority-owned businesses rely on SBA or other resource partners to find federal government contracting opportunities.

Locally in Hawaii we have reliable resource partners through SBA, including our small business development center network, women's business center, and veterans' business outreach center.

We also have a strong MBDA business center:

QUESTION 3: Can you elaborate on your experience, if any, working with these kinds of resource partners?

Response to Question 3: When we were first starting our business, we occasionally worked with the SBA, but likely did not take full advantage of all the available resources. Over the years, I've attended events, training sessions, and webinars organized by resource partners, including the small business development centers, women's business centers, and MBDA. These events have been helpful in providing opportunities for me to meet and network with government decision makers and other small business owners.

The most helpful SBA program I participated in about six years ago was the SBA's Emerging Leaders Initiative. This training program provided me with a comprehensive review of government contracting, accounting, financing, marketing, and other growth strategies. It also provided a valuable opportunity to meet and network with other similar small business entrepreneurs. Some of those relationships developed into teaming and partnerships which remain to this day.

QUESTION 4: What other similar resources, if any, have been helpful?

Response to Question 4: During our participation in the 8(a) program, we have received inconsistent support from the SBA. A couple of our Business Opportunity Specialists (BOS) have been extremely helpful with helping us address issues that have come up. Others have not been so helpful, likely because they often carry an overwhelming workload, and are forced to focus on compliance rather than business development. We firmly believe more resources need to be provided to SBA District Offices as they could benefit from a significant increase in staffing as well as more consistent training



nationwide. We appreciate the services we have received from our District Office but believe increased staffing and improved training would enable a better relationship, where they are fully aware of our business development needs and we are made fully aware of the range of services that they can and should be providing.

Questions from: **Senator Young**

So far, vaccination rates continue to rise and capacity restrictions are being lifted across the country. For example, Indiana will be hosting 135,000 fans at the 105th Indianapolis 500, a feat unimaginable just a few months ago.

QUESTION 1: With economic recovery finally in motion, what do you believe are the top priorities this committee should be focused on to support SBA's role in helping businesses continue to reopen without relying on additional emergency relief?

Response to Question 1: SBA needs to work with all federal agencies to ensure that small businesses play a critical role in federal contracting as recovery and infrastructure spend is implemented. Existing authority should be exercised, and SBA resources need to be expanded to effectively exercise oversight of federal buying activities to ensure contracts are appropriately set-aside for small business government contractors, and prime contractors are held accountable in meeting their small business subcontracting goals.

As you stated in your testimony, small business tend to stay small to avoid the so-called 'valley of death.'

QUESTION 2: How do you believe the SBA can offer additional support to help small businesses bypass the "valley of death?"

Response to Question 2: First and foremost, we thank Congress for the passage of the Small Business Runway Extension Act, which changes the calculation of size to a 5-year average (up from 3). This new calculation serves as a buffer for firms who are one sole source contract away from graduating prematurely from the federal small business programs that are designed to grow the nation's small business industrial base. Along this same track, as the average size of contract continues to grow, so should the size standards for all industries. SBA is currently reviewing the size standards for many industries, and we believe they should take this opportunity to increase them significantly.

Additionally, strengthening the Mentor-Protégé program and alleviating some of the more burdensome requirements of joint ventures and loosening the stringent affiliation rules would enable small businesses to stick together and have a chance at competing



with large businesses on these ever-growing contracts. Mentors should be able to have more than three proteges at one time, and proteges should not be limited to only two mentors in their entire life-time.

Lastly, perhaps a formal recognition of “mid-sized firms” or “emerging large businesses” to distinguish firms facing the valley of death from truly large businesses is necessary. Small Businesses feel the pressure on how to survive when we grow out of the Small Business designations and face competition in the full-and-open market.

The National Institutes of Health Information Technology Acquisition and Assessment Center (NITAAC) is currently trying to address this issue while competing their Chief Information Officer Solutions and Partners 4 vehicle (CIO-SP4), a Government-Wide Acquisition Contract that will allow for streamlined acquisition of general, health IT and biomedical research across 10 task areas. CIO-SP4 includes a slot for Emerging Large Businesses (ELB) in the competition that will provide opportunities to firms that are no longer small business to win a spot in the vehicle instead of competing with the very large businesses.

It is not a perfect solution since it ELB as a firm with revenues between \$30M and \$500M. While we commend the NITAAC for this innovative approach, we view this size definition as too large, it should be capped at \$100M or so. The other issue that should be addressed is that even though this creative approach allows these firms to win a spot in the vehicle, they will have to compete with the larger firms for task orders issued on this vehicle.

Besides the ELB, NITTAC has also created categories under the CIO-SP4 competition for other small business categories – such as Small Business, Women-owned, Veteran-owned, Service-disabled, HubZone, 8(a), Indian Economic Enterprises, and Indian Small Business Economic Enterprises. Under this categories, small businesses are only competing with other small businesses of the same category to win a spot on the vehicle.

The Federal Acquisition Regulation doesn't define an Emerging Large Business or a mid-size business. We believe that Congress should consider a statutory solution by establishing a formal program for ELB that would allow them to compete with other ELBs and not have to compete directly with truly large businesses.



June 21, 2021

Honorable Benjamin L. Cardin
United State Senate
Committee on Small Business & Entrepreneurship
Washington, DC 20510-6350

Subject: Response to Committee questions

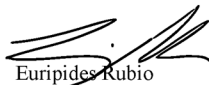
Reference: Follow-Up Questions for the Record, May 19, 2021

Dear Senator Cardin:

The purpose of this letter is to provide responses to questions submitted by Senator Hirono and Senator Young. They are related to the hearing titled "Realizing the Vision of Parren Mitchell – Untapping the Potential of Minority and Women Contracting."

Please contact the undersigned with any questions or concerns.

Sincerely,


Euripides Rubio
President & CEO
E-Mail: er@opstechalliance.com
Cell: 443-223-6115



Subject: Response to Committee questions

Questions for Mr. Rubio

Questions from:

Senator Hirono

Resource partners

Many women and minority-owned businesses rely on SBA or other resource partners to find federal government contracting opportunities.

Locally in Hawaii, we have reliable resource partners through SBA, including our small business development center network, women's business center, and veterans' business outreach center.

We also have a strong MBDA business center:

QUESTION 1:

Can you elaborate on your experience, if any, working with these kinds of resource partners?

RESPONSE 1:

This program, like other government sponsored small business programs (SBA programs) are good resources of information and training. However, not comprehensive enough to address issues as I moved forward with my company.

In my case, I needed actual mentorship, relevant training to my business sector (government contracting), affordable collaboration/office space, connection with potential clients, and collaboration with similar companies (networking).

QUESTION 2:

What other similar resources, if any, have been helpful?

RESPONSE 2:

We found it in a business incubator, the Bowie Business Innovation Center (Bowie BIC). They also offered the BIC 8(a)-accelerator program, which brought not only training and mentoring, but people we could talk to and ask questions about how to operate more efficiently. I actually regret receiving my 8(a) certification prior to this training, because their resources



Subject: Response to Committee questions

opened my eyes to areas and functions I should have been paying attention when I started my business. Therefore, time and money were wasted during those years.

Another good program was the Veteran Institute for Procurement (VIP) growth program. This one is similar to the 8(a) accelerator but focused on veterans. We received very valuable training and networking with other veteran-owned companies as well as government contacts.

Without question, these two programs gave us a lot of insight into areas of our business and client landscape that I couldn't find anywhere else. I strongly believe that the government should make it a requirement for small businesses to receive such training, even before they receive certifications like an 8(a), SDVOSB, or others. I believe this will increase the success of small businesses but also increase the confidence of US government clients so that small businesses will be better prepared to execute their contracts. Both sides win.



Subject: Response to Committee questions

Question from:

Senator Young

So far, vaccination rates continue to rise and capacity restrictions are being lifted across the country. For example, Indiana will be hosting 135,000 fans at the 105th Indianapolis 500, a feat unimaginable just a few months ago.

QUESTION 1:

With economic recovery finally in motion, what do you believe are the top priorities this committee should be focused on to support SBA's role in helping businesses continue to reopen without relying on additional emergency relief?

RESPONSE 1:

This pandemic affected every business sector differently, so I think the approach needs to be tailored and focused on the type of industry. For example, restaurants had no other choice but to close. But some still were able to deliver food to clients. They dealt with food service specific codes and issues when they reopened.

For government contractors, the impact was different. Our employees work at government sites or offices. Some of us that support government classified work, couldn't have our employees work from home like other contractors could. We also had a contract where we had to furlough over 300 employees as the government had to completely stop operations.

From a government contractor perspective, as the government reopen, I see the following as priorities:

1. Business Development rebuilding. Before the pandemic, we had a good pipeline of pending government Requests for Proposals (RFPs), potential contract awards, and a good flow of projected work. This pipeline of projected work took us years to develop. More importantly, our bank loans and line of credit depended on those projections. Obviously, the pandemic destroyed all that. Now that the government is reopening, we are rebuilding by starting to respond to new Requests for Proposals (RFPs) for work that will start later in the year. Most of them next year. This means that we must survive with our current work until the government starts awarding work again. In brief, small businesses supporting the government need financial support until they can catch up to the pipeline that stopped a year ago.
2. Secure Infrastructure for classified remote work. Some of the agencies we support can't stop work, but the infrastructure is not there for contractors to work remotely.

14000 Jericho Park Road, Center for Business, Suite 2300 Bowie, MD 20715 | 844-682-2225 | info@opstechalliance.com



Subject: Response to Committee questions

3. Small Businesses' accounting preparedness. This was not our case, but I know of several businesses that couldn't get emergency financial relief because of their substandard accounting preparedness. We were lucky to be part of a business incubator (Bowie BIC) that provided those resources for us.