

A motion to reconsider was laid on the table.

SERVICE PROVIDER OPPORTUNITY CLARIFICATION ACT OF 2015

Mr. CHABOT. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 4284) to require the Administrator of the Small Business Administration to issue regulations providing examples of a failure to comply in good faith with the requirements of prime contractors with respect to subcontracting plans.

The Clerk read the title of the bill.

The text of the bill is as follows:

H.R. 4284

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “Service Provider Opportunity Clarification Act of 2015”.

SEC. 2. GOOD FAITH COMPLIANCE WITH THE REQUIREMENTS OF PRIME CONTRACTORS WITH RESPECT TO SUBCONTRACTING PLANS.

Not later than 270 days after the date of enactment of this Act, the Administrator of the Small Business Administration shall issue regulations providing examples of activities that would be considered a failure to make a good faith effort to comply with the requirements imposed on an entity (other than a small business concern as defined under section 3 of the Small Business Act (15 U.S.C. 632)) that is awarded a prime contract containing the clauses required under paragraphs (4) or (5) of section 8(d) of the Small Business Act (15 U.S.C. 637(d)).

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Ohio (Mr. CHABOT) and the gentlewoman from New York (Ms. VELÁZQUEZ) each will control 20 minutes.

The Chair recognizes the gentleman from Ohio.

GENERAL LEAVE

Mr. CHABOT. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days to revise and extend their remarks and include extraneous materials on the bill under consideration.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. CHABOT. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the Small Business Act requires that when large businesses receive Federal prime contracts, they must negotiate a subcontracting plan outlining who they intend to use as small business subcontractors. That plan becomes part of the contract, and the results are supposed to be part of the past performance evaluation for the prime contractor.

Indeed, failure to make a good faith effort to comply with the agreed-upon plan can trigger liquidated damages. Even though this has been the law for 38 years, the Small Business Administration has never explained what it means to fail to make a good faith ef-

fort to comply with a subcontracting plan.

This failure is a double-edged sword. For bad actors, it lets them off the hook. For good actors, it leaves ambiguity about what they are expected to do. It also forces companies that take their compliance obligations seriously to compete against bad actors who never even report the results of their plans.

Failure to report is a real problem. As many as 40 percent of the companies with subcontracting plans don't report any results. As a result, subcontracting dollars with small businesses are at the lowest point in over 40 years.

My colleague, the gentleman from Florida (Mr. CURBELO), who chairs the Subcommittee on Agriculture, Energy and Trade of the Committee on Small Business has a commonsense solution for this problem. H.R. 4284 requires the Small Business Administration to explain what it means to fail to make a good faith effort to comply with the plan. It further explains that failing to meet the most basic obligation of the contract term—reporting back on results—cannot be good faith.

The beauty of Mr. CURBELO's legislation is that it solves a problem without placing any new burdens on compliant contractors while still ensuring that the American taxpayer gets the benefits anticipated in the contract.

This legislation was included as part of a larger bill that passed the Committee on Small Business in January, and it received bipartisan support.

I urge my colleagues to support and pass H.R. 4284.

Mr. Speaker, I reserve the balance of my time.

Ms. VELÁZQUEZ. Mr. Speaker, I yield myself such time as I may consume.

I rise in support of H.R. 4284, the Service Provider Opportunity Clarification Act of 2015. It has long been the policy of Congress to ensure that a fair proportion of Federal contracts, prime contracts or subcontracts, be awarded to small businesses. In some areas there has been success in advancing this goal. In fiscal year 2015, small prime contractors received over \$90 billion, amounting to over 25 percent of contracting dollars. As a result, the government, again, met its prime small business contracting goal.

However, prime contracting is only one part of the equation. For many small businesses, subcontracts are just as vital. These opportunities serve as an entry point for firms to the Federal marketplace.

Subcontracts are a way for firms to increase their capacity and prepare to eventually become prime contractors. Subcontracts also help entrepreneurs gain valuable insight into what is required when the Federal Government is your client.

Recognizing the importance of subcontracts, the Small Business Act requires that prime contractors submit subcontracting plans for contracts val-

ued at certain levels and SBA to set goals for subcontracting dollars awarded to small businesses.

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Yet, throughout the course of this Congress, our committee has heard testimony of countless witnesses indicating that not only are prime contractors not reporting their subcontracting dollars, but also that contracting officers are not holding these firms accountable for their subcontracting goals.

Even more egregious is the fact that some primes have been awarded contracts without a subcontracting plan at all. This is simply unacceptable.

The Service Provider Opportunity Clarification Act of 2015, introduced by Mr. CURBELO and Ms. CLARKE, seeks to rectify this problem by making the failure to submit the required subcontracting report a material breach, thus providing remedial options to agencies.

Procurement center representatives will also be allowed to review subcontracting plans and place a 30-day hold on the plan if they found that it did not adequately provide small businesses subcontracting opportunities.

Additionally, the bill requires that SBA update its regulations to give contracting personnel better examples of when prime contractors have acted in good faith compliance with the subcontracting plans.

These provisions will provide necessary oversight to ensure that prime contractors are adhering to subcontracting regulations and that small businesses are afforded maximum opportunity to participate in the Federal marketplace as a subcontractor.

I, therefore, ask my fellow Members to support this bill.

I reserve the balance of my time.

Mr. CHABOT. Mr. Speaker, I yield such time as he may consume to the gentleman from Florida (Mr. CURBELO), who is the chairman of the Subcommittee on Agriculture, Energy, and Trade.

Mr. CURBELO of Florida. Mr. Speaker, last year I was proud to introduce the Small Entrepreneur Subcontracting Opportunities Act, or the SESO Act.

The bill would hold agency officials accountable for small-business subcontracting during their annual performance evaluations.

Subcontracting is an important entry point for new Federal contractors. If we have fewer subcontractors today, we will have fewer prime contractors tomorrow.

In turn, this would mean fewer small suppliers, manufacturers, and innovators and higher costs to the Federal Government or the taxpayers. We must ensure a healthy industrial base at all levels in our country.

I would like to thank Small Business Committee Chairman CHABOT and Armed Services Committee Chairman THORNBERRY for supporting that important language to hold agency managers

accountable for meeting subcontracting goals included in the Defense Authorization Act that was signed into law.

However, large contractors must also be held accountable for meeting subcontracting goals. While the vast majority of contractors honor these goals, some do not.

Currently, the Small Business Act holds bad actors accountable by imposing liquidated damages if prime contractors fail to make a good faith effort to meet the goals.

However, SBA regulations only offer examples of what they are supposed to do, not what would constitute a violation.

Consequently, the last time the law was enforced was in 1982. Because of this ambiguity, bad actors are able to continue receiving Federal contracts.

My legislation, H.R. 4284, the Service Provider Opportunity Clarification Act, or the SPOC Act, simply requires the SBA to issue rules explaining what a failure to act in good faith means, ensuring transparency and accountability in the subcontracting process.

I want to thank Congresswoman YVETTE CLARKE for her leadership promoting small-business participation in the procurement process and for cosponsoring this bipartisan effort.

I also thank chairman STEVE CHABOT for his leadership and Ranking Member NYDIA VELÁZQUEZ.

I thank the chairman for being an original cosponsor of this bill and for being a strong advocate for our Nation's emerging entrepreneurs. We must ensure that our local businesses have access to Federal contracts and subcontracts.

It is not just about helping the entrepreneurs. It is also about helping the workers they employ and keeping our community strong and prosperous. We should never forget the vital role that our local businesses play in our neighborhoods.

The reason small business is important, Mr. Speaker, is because small businesses have access and know the people who are in most need of jobs and opportunities.

Think of the immigrant family that recently arrived in this country and is hungry for opportunities to work or the kid who had to drop out of college to help his family.

It is these small firms, these small entrepreneurs, that have access to these needy people and can really help them rise up and give them these opportunities to work and prosper.

So I thank my colleagues for their support.

I urge passage of H.R. 4284.

Ms. VELÁZQUEZ. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, small firms continue expressing concern that it is increasingly difficult to find subcontracting opportunities as primes take on more of the work themselves. Agencies and contracting officers must do better to

ensure that small businesses have access to these opportunities.

The government-wide subcontracting goal has continually been lowered, from 36 percent in the 2012 and 2013 fiscal years, to just over 34 percent in fiscal year 2014. Despite this decrease, the goal is not being met, with only 33 percent of subcontracting dollars awarded to small firms.

But even these numbers are deceiving, as the percentage is based only on the subcontracting dollars reported. It is estimated that as many as 40 percent of prime contractors are not submitting subcontracting reports.

The changes in H.R. 4284 will ensure that this no longer occurs and that there are real consequences to those companies that try and evade their subcontracting obligations.

I once again urge my colleagues to support this measure.

I yield back the balance of my time.

Mr. CHABOT. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, in closing, clarifying an ambiguous provision in law in a way that promotes small-business participation without creating any new burdens on contractors is a win-win.

This provision helps contracting officers and large businesses better understand the law, aids small businesses looking to be subcontractors, and improves the quality of the data we use to make policy decisions.

This bill deserves the support of the House. I urge my colleagues to vote to suspend the rules and pass H.R. 4284.

I thank the ranking member of the Small Business Committee, Ms. VELÁZQUEZ, for working in a bipartisan manner on this bill, as we always try to do in the committee. I think we almost always achieve that goal. So I want to thank her for that.

I want to thank Mr. CURBELO again for his leadership. I thank Ms. CLARKE as well for working in bipartisan manner on this legislation.

I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Ohio (Mr. CHABOT) that the House suspend the rules and pass the bill, H.R. 4284.

The question was taken; and (two-thirds being in the affirmative) the rules were suspended and the bill was passed.

A motion to reconsider was laid on the table.

SMALL AGRICULTURE PRODUCER SIZE STANDARDS IMPROVEMENTS ACT OF 2015

Mr. CHABOT. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 3714) to amend the Small Business Act to allow the Small Business Administration to establish size standards for small agricultural enterprises using the same process for establishing size standards for small business concerns, and for other purposes.

The Clerk read the title of the bill.

The text of the bill is as follows:

H.R. 3714

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “Small Agriculture Producer Size Standards Improvements Act of 2015”.

SEC. 2. AMENDMENT TO DEFINITION OF AGRICULTURAL ENTERPRISES.

Paragraph (1) of section 18(b) of the Small Business Act (15 U.S.C. 647(b)(1)) is amended by striking “businesses” and inserting “small business concerns”.

SEC. 3. EQUAL TREATMENT OF SMALL FARMS.

Paragraph (1) of section 3(a) of the Small Business Act (15 U.S.C. 632(a)(1)) is amended by striking “operation: *Provided*,” and all that follows through the period at the end and inserting “operation.”.

SEC. 4. UPDATED SIZE STANDARDS.

(a) IN GENERAL.—Not later than 18 months after the date of enactment of this Act, the Administrator of the Small Business Administration shall, by rule, establish size standards in accordance with section 3 of the Small Business Act (15 U.S.C. 632) for agricultural enterprises (as such term is defined in section 18(b)(1) of such Act).

(b) REVIEW.—Size standards established under subsection (a) are subject to the rolling review procedures established under section 1344(a) of the Small Business Jobs Act of 2010 (15 U.S.C. 632 note).

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Ohio (Mr. CHABOT) and the gentleman from New York (Ms. VELÁZQUEZ) each will control 20 minutes.

The Chair recognizes the gentleman from Ohio.

GENERAL LEAVE

Mr. CHABOT. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days to revise and extend their remarks and include extraneous materials on the bill under consideration.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. CHABOT. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, pursuant to the Small Business Act, the Small Business Administration sets size standards for approximately 1,100 industries every 5 years.

These standards determine what is a small business for purposes of regulatory analyses, procurement programs, capital access, and technical entrepreneurial development assistance.

The SBA sets these size standards in accordance with statutory guidelines and using notice and comment rule-making. The Small Business Committee and, in particular, my colleague from Illinois (Mr. BOST), has spent a great deal of effort to make sure this is a transparent and accountable process.

However, agricultural enterprises have not been able to benefit from these advances due to a historic anomaly. Forty-six different industries, as diverse as cattle ranching and citrus