

STATEMENT TO THE SENATE SMALL BUSINESS & ENTREPRENEURSHIP COMMITTEE  
OCTOBER 29, 2007 PUBLIC FIELD HEARING  
"ACCESS TO FEDERAL CONTRACTS: HOW TO LEVEL THE PLAYING FIELD"

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ESTEEMED REPRESENTATIVES OF THE SENATE SMALL BUSINESS COMMITTEE, AND  
INTERESTED PARTIES IN PROMOTING THE SUCCESS OF SMALL BUSINESSES IN THE  
INTEREST OF A BETTER AMERICA:

My company, AQUAS, Inc., has successfully been a contractor to the Federal Government for many years. The company is a graduate of the SBA 8a program. I am an American Hispanic, and my company delivers effective ways to use computers in obtaining timely access to information to support critical operational decisions and to track the inspections, cases and processes such as acquisition, inspections, permits, and regulatory compliance. I have the educational and professional qualifications to compete well in corporate America, but I chose to live out an American dream of building a business and offering opportunities for employment and professional development to individuals who, like me, believe in excellence, hard work, and delivery of quality and innovative technical solutions to our Government.

There exist many obstacles for those who believe, like me, that good work and perseverance will be recognized and rewarded. My company wants to deliver value to the Government, because that is who is spending our hard earned tax dollars to build a better future for our children. The public sector has the power to make or break our tomorrows, depending on how they choose to implement policy and carry out operational mandates. Still, Federal Government contract awards heavily favor big name companies. Large corporations have the power to influence, the funds to lobby, and are attractive to decision makers because they often hire government retirees. We often hear that it is safer to award a contract to a well known large corporation, even though we have witnessed time and time again corruption and negligence cases by these very companies.

Legislation passed under the guise of ensuring more streamlined and cost effective procurement processes have eroded competitive opportunities for small businesses. Budget cut backs tend to impact more heavily contract management and oversight in public offices. Our government increasingly relies on the perceived wisdom of representatives from large corporations to provide policy guidance and recommendations for the acquisition of products and services. This will not result in a better America; this is just taking the comfortable way out. Large corporations provide the less visible jobs and less desirable assignments to the small business contractor who is in a disadvantaged negotiating position. Prices paid for service to a small business, whether by Government or the Large Prime contractor, tend to reflect a minimal margin of profit, from which the small business must eek out funding for growth and stability. Negotiations and paperwork burdens on a small business are brutal, and prices are driven down when the small business, trying to hold its position and increase market share, is pushed to accept a lower price than the larger company.

Many of the obstacles could be eliminated if our legislators took the time to see the forest for the trees, and stop listening to the “it can’t be done” rhetoric. I ask that you consider the following clear obstacles to small business access to federal procurement, which will again be a factor in awarding contracts under BRAC, as they are under Homeland Security:

- (1) There is no direct path to obtain facility security clearance, and there is an increasing requirement for facility clearance as a pre-condition to being awarded a contract; I suggest that the NSA’s PISA model be adopted by the military services, where a no-task contract is put in place to provide the contractor the opportunity to submit the necessary paperwork to obtain security clearances, and the Department of Defense or military service would sponsor the process. The process could be accompanied with a security clearance management training requirement for the company principals. This would broaden our base of available and security-cleared contractors.

- (2) No enforceable policy exists with regard to significant (over one million dollar) awards to small business and minority owned small business. Agencies are often content with awarding a contract for less than \$50,000. Not only do we need contracts, we need contracts of a significant size. Government needs to invest in promoting a better understanding of contracting with minority small businesses at the contracting office and especially at the program office level.
- (3) The 10% price preference for small disadvantaged business entities should be reinstated to provide true competition. Often a large business can push away a qualified small business because they can afford to drop their price to win a contract without tracking subsequent amendments.

I know that you will do whatever is possible to include small businesses and especially minority owned small businesses in the procurement of products and services in support of BRAC, because the importance of supporting small businesses in America is paramount to the future welfare of our diverse communities. Thank you for the opportunity to share my concerns.