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HEARING

BEFORE THE

SUBCOMMITTEE ON ECONOMIC GROWTH, TAX, AND CAPITAL ACCESS

OF THE

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UNITED STATES
HOUSE OF REPRESENTATIVES

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Questions for the Record:

None.

Answers for the Record:

None.

Additional Material for the Record:

None.

EXPANDING OPPORTUNITIES FOR SMALL BUSINESSES AT MILITARY BASES

THURSDAY, AUGUST 1, 2019

HOUSE OF REPRESENTATIVES,
COMMITTEE ON SMALL BUSINESS,
SUBCOMMITTEE ON ECONOMIC GROWTH, TAX, AND CAPITAL ACCESS,
Washington, DC.

The Subcommittee met, pursuant to call, at 11:10 a.m., at Town Hall, 111 West Second Street, Moorestown, New Jersey, Hon. Andy Kim, presiding.

Present: Representative Kim.

Chairman KIM. Good morning, everyone. Thank you so much for coming on out here today and thank you in particular to the panel here, the witness panel for taking time out.

I will be very mindful of your time, so I will try to make this as effective and efficient as humanly possible. But it means a lot that you joined us here. I really want to thank Moorestown as well for hosting us. It is really wonderful to be able to do this right here in our own district.

We are so focused on these field hearings. We just did one in Oklahoma not too long ago, just making sure that we are going out outside of Washington, D.C., and going directly to the communities, directly to the small business owners, to the business communities and associations, and understanding and learning what it is that we can be doing better. I wanted to make sure that we are trying to find some issues and some challenges that are out there and try to come up with some really tangible solutions to those.

For those in attendance, I would like to just share some background on the proceedings. This is a formal field hearing of the House Committee on Small Business. Due to the format, there is not an opportunity for questions or public comment from the audience this time, but I thank you for your attendance and your interest in this issue.

As I mentioned, these field hearings play a critically important role in the work that we are doing, and it is really just trying to bring the work of our Committee closer to our districts and to our communities and have an opportunity to share that view on the issues that matter.

Right now, we are at a time when America's small businesses are an economic engine that drives growth in our economy. Nearly 30 million small firms in the United States represent 99.7 percent of all employers and generate two-thirds of all net new jobs. Because of these firms' crucial work and role in our economy, it is impera-

tive that Congress enact policies that promote small business, entrepreneurship, job creation, and also provide opportunities for growth.

My priorities in Congress have been to increase access to capital so that entrepreneurs can start and grow businesses, as well as ensuring that small firms can adequately participate in the nearly $500 billion a year Federal marketplace.

Small contractors offer unique opportunity for government because they are often nimbler than their larger counterparts by responding to market shifts and driving innovation more rapidly. The result in that is that governments receive high-quality supplies and services at competitive prices.

Congress has recognized the positive impact and, therefore, has established a minimum for the Federal contract set-aside of 23 percent. Last year alone, small businesses were awarded over $120 billion in Government contracts. Yet the percentage of dollars awarded to small firms is just one measure of the success and not the only measure. And the size of the average award and the vendor count are some other examples of how we can gauge success.

Despite contract spending rising over recent years, the number of Federal contractors working as Federal prime vendors is at a 10-year low. In other words, fewer contractors are receiving more contracting dollars.

Another disappointing trend is that the recent data shows that there is a 32-percent drop in the number of small businesses that are contracting with the Government, from about 131,000 to 88,000 during the last decade.

In contrast, large vendors declined only 4 percent during that period, and this shows two things. One is that the small business supplier base is shrinking at a much higher rate compared to that of large vendors; and two, there are fewer small firms that are benefitting from incentives created in the Small Business Act to ensure their participation, and this is simply unacceptable.

Right here in New Jersey's Third District, we have a number of small contractors ready and willing to provide goods and services. We also have the Joint Base McGuire-Dix-Lakehurst, the only tri-service U.S. DOD base, which also includes units from all five branches.

The joint base, with its 44,000 service members and families that live and work here and the $9 billion in infrastructure supporting the base's operations provide an amazing customer base for small businesses in our area that work in different industries, from construction to manufacturing to technology. And that is why I am excited to hear about innovative steps the joint base is taking to bring new small businesses into the Government procurement process.

I know the Air Force's Pitch Day, which awarded 242 SBIR contracts in 2 weeks and $3.5 million to 51 innovative companies in 1 day, those are going to be game-changers that can expand the industrial base and dramatically cut down the time it takes to award a small business contract. But I also want to hear about how we can improve the efforts at the joint base and others around the country to better serve our Nation's small contractors and ensure a strong defense industrial base.

This is something that is very personal to me with the work I am trying to do as someone who sits on the Small Business Committee and as the Chairperson for this Subcommittee on Capital Access, Tax, and Economic Growth, but also I am on the Armed Services Committee. Especially being on the Readiness Subcommittee and other places, there are ways in which we can try to use these to understand the different perspectives and help you all to branch out.

And during today's hearing, I look forward to being able to discuss these challenges that small businesses face in competing for contracting opportunities within the Department of Defense and how we can ensure that the joint base is able to take advantage of all that small businesses have to offer.

Again, I want to thank the witnesses for being here. And I will just take a moment to explain how this works. I will introduce our witnesses before recognizing each one. We will give 5 minutes to make an opening statement that summarizes their written testimony.

We didn't bring our gizmos and our gadgets from D.C. with the lighting system to let you know where things are at, but just try to keep around that time. But as we are here to be able to listen to you and as you have taken time out, we will certainly make sure that we listen to each and every word that you say. And again, just appreciative of your time.

I would like to now introduce our witnesses. We have our first witness, Mr. John Whittington, the business representative for the Sheet Metal Workers Local Union 27. I met with Mr. Whittington earlier this year to discuss obstacles that sheet metal workers face when seeking contracting opportunities at the joint base.

Welcome. Thank you for coming here.

Mr. WHITTINGTON. Thank you very much.

Chairman KIM. Our next witness is Mr. Paul Costello, president of the Del Ran Business Association and vice president of Sciacca's Upholstery in Delran, New Jersey, a 75-year-old small business with a third-generation owner.

Welcome, Mr. Costello.

Our third witness is Mr. Raul Mercado, the director at the New Jersey Institute of Technology Procurement Technical Assistance Center. The Procurement Technical Assistance Center is a DOD program that is funded by the Defense Logistics Agency through a cooperative agreement with NJIT. This program provides free counseling in addition to training and technical resources to New Jersey-based businesses.

Welcome, Mr. Mercado.

And our final witness is Mr. Jeff Cantor, who is the founder and chief executive officer of the New Jersey State Veterans Chamber of Commerce, which launched in November 2018. His goal is to improve the economic environment for veterans in the State and to build the infrastructure to create greater competitiveness and success for veteran business entities. He also recently retired in 2017 as a colonel in the Army Reserve.

Welcome, Mr. Cantor, and thank you for your service and what you are doing to be able to help support veterans in our community.

Well, we are going to just start off, and then we will go down the panel. So, Mr. Whittington, I am going to turn it over to you. You are recognized for 5 minutes.

STATEMENTS OF JOHN WHITTINGTON, BUSINESS REPRESENTATIVE, SHEET METAL WORKERS LOCAL UNION 27, FARMINGDALE, NEW JERSEY; PAUL COSTELLO, PRESIDENT OF DEL RAN BUSINESS ASSOCIATION, VICE PRESIDENT OF SCIACCA'S UPHOLSTERY, DELRAN, NEW JERSEY; RAUL MERCADO, DIRECTOR, NEW JERSEY INSTITUTE OF TECHNOLOGY PROCUREMENT TECHNICAL ASSISTANCE CENTER, NEWARK, NEW JERSEY; AND JEFF CANTOR, COLONEL, U.S. ARMY (RETIRED), FOUNDER AND CHIEF EXECUTIVE OFFICER, NEW JERSEY STATE VETERANS CHAMBER OF COMMERCE, MARLBORO, NEW JERSEY

STATEMENT OF JOHN WHITTINGTON

Mr. WHITTINGTON. Good afternoon. Thank you, Congressman, staff, community, for this opportunity here to speak today on an important subject close to the hearts of many of the members I represent in the building trades.

The joint base provides thousands of jobs for local residents. That being said, the base also supports our local and State economies.

The members I represent work in the construction field. The base provides a lot of construction opportunities, offering renovations, additions, maintenance, so forth. The work on the joint base also provides paychecks, which, in turn, spurs the local economy. The many jobs I see bid out are to out-of-State contractors with minor realized economic advantage to the local economy.

I get a bit choppy here because I threw it together, so excuse it if it sounds a bit choppy here.

Our local contractors have an advantage that the base can save, in my opinion, an enormous expenditure of resources. Cost savings could include efficient production capabilities of the small contractors, production facilities that are located in close proximity to the base projects.

Now these bullet points I have, I would like to elaborate here and there. I will make it brief.

The close proximity point. If the product is damaged, let us say, for example, a facility in close proximity, usually within an hour's drive, could have that product sent back, refinished, you know, redone and sent back within an hour's time, you know?

Production facilities utilize high technology standards. The contractors of the members I represent acquire and utilize the latest and up-to-date equipment, software, and practices to remain competitive.

A highly skilled local area workforce. New Jersey is located in a highly competitive metropolitan area. To offer the highest-quality labor available on a project, we must make sure our area workforce has steady training throughout the year.

We offer high-quality local apprenticeship standards. That goes along with the previous example. To offer the most competitive and affordable bids, our members are constantly trained on the latest equipment and programs the industry has to offer.

I would also like to add that we take advantage of a very successful program called "Helmets to Hard Hats." Veterans can start a career right out of the service with direct entry into our apprenticeship program. It is a program we are proud of and we have had tremendous success with.

The workforce lives in the immediate area. The wages the workforce earns on these projects is spent and invested into the local area communities, infrastructure, government, and residences, for example. If you are an out-of-State contractor, you bring in your own workforce. That spending there is short-lived in this State. The rest of the earnings are taken back and invested elsewhere, with practically no reinvestment benefit to the local area and the community.

The base can work directly with the necessary trade for projects as a cost-saving measure in relation to our direct hire, which we are having progress within this State, and you know, maintenance, so forth.

Some of the concerns I have with the projects on the base are as follows:

The information on future projects on the base. I personally do not know if there is a website, a phone number to call, a location that I can visit where I can obtain possible future projects on the base.

The lead time on information. The construction lead services I use usually have information a day or two too late. I constantly miss the opportunity to register by a certain date to attend a walkthrough of a project or a pre-bid meeting.

Fair competition for local area companies and security issues that hinder access to projects. I am proud of the fact that the bases require an extensive background check on all persons wanting to access the bases. My job requires me to monitor projects and ensure that contractors, in State or out of State, are following local area standards for workforce safety practices, product quality, project timeliness in a drug-free environment.

I would also like to check that the contractor is not taking advantage of a worker that may be unwittingly working for an improper local area wage. The last time I tried accessing a job, I was sent to two security offices and told to fill out forms for access to the base so that I might be granted access in 30 to 60 days.

And my final point here, access to project personnel. The project lead services I employ have contact information, but the information sometimes is inaccurate, or I do reach someone, just not the right someone who I would like to speak to about projects on the base—for example, maintenance managers, project managers, even possibly a base commander. If there is a website, a publication, a phone number, or an office I need to visit to access this kind of information, I would greatly appreciate that kind of assistance.

These points I have relayed are only a few. I feel a cohesive relationship with the bases and local area residents as well as the small businesses will yield immense cost-saving measures each week for everyone.

That is all. Thank you.

Chairman KIM. Thank you for your testimony.

We are going to turn it over to you, Mr. Costello. You are now recognized for 5 minutes.

STATEMENT OF PAUL COSTELLO

Mr. COSTELLO. Good morning. Thank you for inviting me to be able to testify on this subject here this morning.

My name is Paul Costello. I am the vice president of Sciacca's Upholstering and Design Center and C&S Marine. Sciacca's Upholstering and Design Center is a 75-year-old establishment with third-generation ownership. We service residential, commercial, professional clients for all aspects of upholstery, custom-built furniture, window coverings, and on-site cleaning services.

C&S Marine was a recent acquisition for us in November of 2017. We hold the sole international license to produce upholstery for Correct Craft and Ski Nautique boats. We have eight dealers internationally and private clients worldwide. I am also the president of the Del Ran Business Association and an officer in the Riverside Business Association.

I feel that our local small businesses can provide ancillary services that the Government is not prepared, nor set up to provide, such as specialty services, customized items, and large-scale refurbishing and manufacturing. There are hundreds of businesses in the Burlington County area that can provide these services to the military bases. The key is that they need to know how to connect and become properly registered.

The action of cultivating a relationship between a small business owner and a military base is tremendous growth for that private business owner. The necessary documents, certifications, and credentials must be completed to be considered for available projects.

My suggestion here for expansion is, one, keep the costs within reach so that a greater number of small business owners can join the program; and encourage the people that award these bids to seek out the small vendors for specialty items; and lastly, if it would be possible for the base to hold registration events for small business owners to attend to learn about the opportunities that are available at the base.

My personal thoughts and experience in attaining a SAM registration, CAGE number, and having produced a Government-friendly website for our business has been a large financial commitment. In the past year, we have seen only a handful of bidding opportunities related to our services. Most have been outside of our immediate service area.

As a company, we have devoted our time cultivating military relationships by attending quarterly commander luncheons hosted by the Burlington County Regional Chamber of Commerce, and we have also been ambassadors for ranking officers at events such as the Annual Installation Dinner for the Burlington County Regional Chamber of Commerce.

In closing, I truly thank you for your time and attention today and would be happy to respond to any additional questions you may have.

Thank you.

Chairman KIM. And thank you for your testimony.

We are going to move on. Mr. Mercado, you are recognized for 5 minutes.

STATEMENT BY RAUL MERCADO

Mr. MERCADO. Thank you, Congressman, for having us here to give our testimony.

I am the director for the statewide PTAC here in New Jersey, where the NJIT Procurement Technical Assistance Center is one of 94 PTACs throughout the U.S. So as I was contemplating what I was going to testify here, a lot of what I am speaking on now is probably relevant to some other PTACs throughout the Nation because a lot of us kind of share the same pains and challenges and successes also.

We have been hosted by NJIT for—this is our 36th year. Today is the first day of our fiscal year. And over the course of those 36 years, we have been successful in assisting small businesses acquire over $20 billion in contract awards. Just this past year, as I looked at the numbers this morning, $680 million in contract awards for the past fiscal year. That is a significant chunk of opportunities that have been made available through our resources and our assistance with these small businesses.

We are not just tasked to work with small businesses. We also assist large concerns, large Government primes in identifying and connecting with qualified small business vendors, so—in order to help them achieve their small business subcontracting plan goals. So that is a connection that we have made in the last several years in making sure that large businesses are also part of our portfolio so that the opportunities will continue to expand for the businesses here in New Jersey.

And the way that we have been doing this is through strategic relationships with like-minded organizations. We work hand-in-hand with the Veterans Chamber, Mr. Cantor here, and other chambers, other organizations that have a small—that work with small businesses, and that has helped us reach in a little deeper to the New Jersey-based business community. We identify a match based on needs, goals of the organizations, as well as the small businesses and the large businesses. We look at the capacities and capabilities of other organizations that we work with.

So there are certain things—because we are funded by the Defense Logistics Agency, there are things that we can't do, but some other organizations can do. So we complement one another. We work together for a common goal or to increase opportunities for businesses here in Jersey. In doing that, we start building trust, and it is through finding mutually beneficial and often complementary service offerings that I just mentioned.

There is a lot of communication. Communication is very critical. We also have to take calculated risks many times. And without risks, there are no—we can't continue to do things the way we have done in the past. And oftentimes what we do is there is a unified message when we are working with these collaborators throughout the region and the State so that we can all reach our common goals.

One of the things that happened earlier this—well, earlier this year, in May, I got contacted by the joint base, and they wanted

to do a Pitch Day. So within a matter of 24 hours, we were able to set up some training for small businesses that was focused on them being able to do pitches to—effective pitches to buyers.

We also do SAM registration workshops. So we focus more on SAM registration workshops because there were a lot of startups that were probably going to be participating in this. And you read the numbers on that Pitch Day. They were pretty significant for a 1-day pitch and a 1-day buy.

Since then, we have—MacDill Air Force Base is having a Pitch Day today. We assisted them with that as well, although they are outside of our region. There is at least one of our small businesses that is based here in New Jersey that is pitching today in Florida at MacDill Air Force Base.

So there are a lot of opportunities. This whole Pitch Day thing is—it is a huge change and new initiative because it is something that was set up by the Department of Defense that is out of the Federal Acquisition Regulations to kind of fast-track these innovative solutions, and how do we do that in a way where we can have it done expeditiously and capture those innovations in a constructive way and in a fast manner?

Some of the barriers that we found is that although there are 94 PTACs and there are millions of dollars allocated through the DLA, the Department of Defense for the PTACs, there is a huge lack of awareness of the resources that PTACs have available.

And there is also the fact that there is inequitable funding of the PTACs. Let us say a statewide PTAC maximum for statewide is $750,000 that the DLA helps match. Now that is going up to a million. But a regional—and we have one regional county here—receives right now 450. That is going up to 650.

And then, Congressman Kim, you mentioned being in this region, how expensive it is. It is totally—the money that we receive and what we can do with that money here in the New York metro area doesn't—can't compete with what the expenditures are out West or the Midwest.

Let us see. So I think that some of the things that are barriers are access to knowing about future purchases, which is mentioned by one of the speakers, one of the testimonies here, burdensome documentation for small businesses. The legislation regulations are not keeping up with the times.

I think the DOD did a great job with the CSO. I forget what the CSO is, but you have that in my documentation. The CSO is a new way for them to do business and that allows them to do the Pitch Days, so getting more creative with the legislation and the regulations.

And then oftentimes what happens, Government kind of dictates what should be done for small businesses, and this is a refreshing—I have been doing this for over 20 years, and this is the first time in 10 or 15 years that someone or a Committee in Congress has—I have been involved with you asking us what are the needs, and often it is top-down. This is what we are going to do. This is the legislation. It sounds really good on paper, but it doesn't work because we don't have the small businesses involved, we don't have these organizations involved, and that has been an issue in the

past. And I am looking forward to some big changes with our testimony and as you go across the country.

Another big thing is when you talk about Government contracting, what is missing oftentimes, and for a lot of us we don't think about the large Government primes that will always get the bulk of business. Cars will continue to be manufactured by the large car manufacturers. The planes and helicopters will continue to be manufactured by those corporations. Now those corporations have small business subcontracting planned goals. The issue is that often they can't meet those goals, and that becomes an issue for us because they should be taken up to task. They need to be part of this equation.

If we are looking to expand opportunities at the bases across the U.S., then we need to tell these large corporations you need to be at the door because we need people to retrofit seating, to build the bolts, to provide raw materials. And until that happens, we are losing a lot of opportunities because there is a lot of money there, and these large corporations cannot do it by themselves. They don't do it by themselves. So we need a fast track to those dollars that are available to the large manufacturers and Government contractors.

Possible moves for success with this initiative to expand opportunities for small businesses at the bases. Maybe we should—or you should consider or somebody should consider one national point person to act as a czar or to build relationships at these communities.

As the director of an NJIT PTAC, I am actively connecting the dots between manufacturers, organizations, chambers of commerce, whatever it may be. But in a national scale, if we are looking to increase opportunities for small businesses at the bases, we need someone who is a go-to person.

Unfortunately, at the bases what we have are very dedicated staff members, but they change every several years. So they have a job today. Three years from now, they are gone. So what happens to those contacts?

I am, right now, an honorary commander working with the 87th Contracting Squadron, but I don't know how long that command—the lieutenant colonel is going to be there. So what happens when there is a switch?

Okay, so we need to build those relationships nationally, to build relationships, to identify resources, make long-lasting continuity connections and increase the commitment to funding and supporting PTACs. PTACs, you know, require legislation, equitable funding. And when a constituent comes to see you, refer them to the local PTAC because that is a way for them to get that assistance.

And please don't forget the "Dear Colleague" letters that go out to support the PTACs. We are a service here. We are here to serve, and we are proud of serving and making a difference, but we need your help.

Chairman KIM. Thank you. Thank you for that testimony.

Mr. Cantor, we are going to turn it over to you for 5 minutes. You are recognized.

STATEMENT OF JEFF CANTOR

Colonel CANTOR. Thank you, Congressman. And I offer this testimony in the lens of a veteran, a veteran small business owner, a certified SDVOB, SBE, and hopefully soon, a certified HUBZone. Prior to that, I was Governor Murphy's veterans adviser during the campaign, and last year, I was the lead for economic development in the State of New Jersey.

So thank you, Congressman Kim and Honorable Members, for allowing me to offer testimony on the issues affecting small and diverse businesses here in New Jersey and beyond. My name is Colonel Jeff Cantor, and I represent the 668 members of the New Jersey State Veterans Chamber of Commerce.

In the 32 years I spent in the military, I was always taught to deliver the bottom line up front. So here it is. Small and diverse businesses in the State are not getting their fair share of procurement opportunities and experience unfriendly conditions to operating their businesses in our State. There are seven key areas that Federal intervention could have a profound effect on small and diverse businesses, which I will share with you in my testimony.

To provide context, I will share with you that New Jersey has two set-aside laws currently on the books. One is for small businesses, and the other one is for service-connected, disabled veteran-owned businesses, or SDVOBs. The SDVOB set-aside law, which is Public Law 2015, Chapter 116, has been public law since it was passed unanimously in 2015. Since that timeframe, roughly 3 1/2 years, not one contract has been set aside, and no money has been awarded to SDVOBs under the program.

There are seven key areas where Federal intervention would have a profound effect on supporting small and diverse businesses.

First, it would be advisable to add veteran-owned and service-disabled veteran-owned businesses to the Federal definition, according to the U.S. Department of Transportation, as a disadvantaged business entity, or a DBE. The current definition only includes African Americans, Hispanics, Native Americans, Asian-Pacific, subcontinent Asian Americans, and women who are presumed to be socially and economically disadvantaged. Other individuals can also qualify as socially and economically disadvantaged on a case-by-case basis.

Veterans have a tougher time gaining access to capital, and since their service was usually away from their home State, they do not have the networks that other businesses have developed. Veterans and service-disabled veterans are truly disadvantaged business entities and need to be included in the Federal definition according to the U.S. Department of Transportation.

Second, there are not very many service-disabled veteran businesses in this State and in many others. It would be advisable to introduce an SDVOB price preference law at the Federal level of 15 percent to accommodate for this shortfall.

Many States have implemented a price preference law for SDVOBs because of the lower number of businesses. A 15-percent price preference law is needed in New Jersey and for the Federal Government. This would allow SDVOBs to compete in the open bid process. States like Michigan and Connecticut have already implemented these laws and have seen success.

If the lowest bidder on a project is $100,000 and an SDVOB comes in at $112,000, under a 15-percent price preference law, it would mean that the SDVOB was the lowest technical bidder. Since we are not talking about a lot of businesses—there is actually 65 currently registered in the State of New Jersey—it would have a profound and positive impact on the SDVOB community with minimal risk and negative impact on the business community at large.

Third, the Small Business Association has been a good partner to small and diverse businesses. It would be great if the SBA could expand their program to veteran business entities to provide greater access to capital, insurance, and bonding. These programs are needed as there are a dearth of programs available to support VBEs, veteran business entities, and allow them to take their businesses to the next level.

Bonding and insurance costs are extremely high and can eat up the cash flow of a small business. Additionally, it is very difficult to obtain an appropriate amount of surety bonding without having to sign your life away and risk losing all you have worked for.

Having the SBA roll out a program that is accepted at all Federal and State entities would relieve an enormous amount of stress on veteran entrepreneurs and allow them to compete for larger jobs, which would also allow them to hire more people.

Fourth, the system for doing business in the New Jersey is very complicated to navigate. Right now, an SDVOB has to register with the VA to get the CVE certification. Then they have to register with the New Jersey State Department of Treasury, then with the Division of Purchase and Property, then with the Division of Property Management and Construction, then with New Jersey Transit, then with the Turnpike Authority, then with the utilities, then with the Port Authority, and so on and so on. This takes time, money, and effort away from the business owner. Instead, there should be one universal registration portal in the State. Once a diverse business is registered, they would be pre-qualified with all State entities.

Unfortunately, there is no money in the State budget to allow for a universal portal system. Getting a grant from the Federal Government to roll this out would be advisable and welcome at State government levels. The cost of a total universal portal system would likely be $1 million to $2 million.

Fifth, there needs to be transparency of small and diverse spending at every Federal entity. Transparency in government is an extremely important tenet. There should be a mandatory listing on every Federal entity website that operates in New Jersey as to their small and diverse spends. It should be easy to find out how much the FAA or DOD or DLA or the U.S. Army Corps of Engineers, and so on, spend on African-American businesses, Hispanic businesses, women businesses, veteran businesses, and service-disabled veteran-owned businesses.

There should be a percentage of overall annual spends, as well as the actual dollar spends, by diverse group so we can see they are primarily spending—how they are spending taxpayer dollars. Those dollars should represent the diverse background of our State.

Sixth, there should be greater opportunities on Joint Base McGuire-Dix-Lakehurst and Picatinny Arsenal for veteran and service-disabled veteran-owned businesses. I know the folks at the small business office on the joint base, and they do a tremendous job. They do a great job of communicating and working with the Veterans Chamber and with the veterans community. When we have them speak, they do discuss their diverse spends. They have initiated a small business roundtable, but I have not seen any action to date which would support small and diverse businesses.

Having procurement opportunity fairs on the bases would help bring small and diverse businesses to the procurement specialists on base. There should be some type of training program that can be rolled out. If an SDVOB did not get a specific contract on the base, then they could sit with the small business office and go through their bid and compare it to the winning bid to understand the differences and can show improvement in the future. That would be very valuable for SBEs.

And seventh and finally, there needs to be more joint venture and mentorship opportunities with Federal contracting. By creating joint ventures and mentors, you create seasoned companies who help newer companies and startups break into the Federal field. It is extremely difficult to do it on your own, so having more joint ventures would create additional opportunities for newer businesses.

I have recently written a white paper that I shared with the Governor on steps that the State can take to improve its support on small and diverse businesses. I think I already sent it to your staff. I provided my contact information for you should you need any further information.

But I do appreciate the opportunity to come in today to speak, and thank you for your interest in helping out small businesses here in New Jersey.

Chairman KIM. Thank you. I really appreciate that. And thank you, again, to the four of you for giving me and the Committee your perspective on this.

It is interesting. I mean, I hear similarities. I hear different nuances between the four of you. And as I mentioned, when we are in Tulsa, Oklahoma, or Washington, D.C., for these, it is interesting because some aspects of this are unique to certain communities, certain States, but other aspects are broader and national in those perspectives. I mean, that is something where I am trying to get a better sense of this going forward.

I certainly hear on a regular basis what it is that we can try to do, you know, here in New Jersey to be able to support and work with the joint base, work with Picatinny, work with other installations, other Government offices to be able to improve. And we are trying to figure out, you know, are there lessons learned from other States that we can implement here? Are there certain things that we can do nationally to be able to get at it?

There are three aspects of this that I feel like are some commonalities that I would like to just get—to dig into a little bit more, but let me lay it out first.

One is that what seems like a constant thread amongst the four of you, along with many others, is what can we do to remove bar-

riers for small businesses when they are engaged in this type of work or trying to proceed down those roads?

Two is that there is an ongoing difficulty in terms of just the opaque nature of this and just the difficulties of navigating, you know, some of the—what Mr. Whittington was talking about earlier, about just what is the transparency side of things or future projects, just so you are aware of what is on the table or going to be on the table so you can better prepare.

And three, I think that hits at an issue of just what is a sense of fairness in the system as a whole to make sure that it is not just those that have the most connections and the biggest presence down in D.C. or the deepest history with working at a particular installation or with the Government, but that, you know, others have opportunities to be able to have that.

And I think that a lot of what you have said kind of fits into some of those buckets. Of course, if there are other big aspects of this, please let me know. But I would like to just kind of go through them kind of one by one and just kind of get some of your deeper takes on this.

So, you know, for instance, this question will be for all four of you, but I would like to start with Mr. Mercado. You know, one thing that you mentioned was about the burdensome documentation. That seems like an area in which there are, you know, barriers there, too. And I would like to just kind of learn a little bit more from you, you know, what specifically you are talking about, you know, any examples you might have or any thoughts you might have on how we can try to make that less burdensome for small firms.

Mr. MERCADO. Well, first of all, understanding the process or responding to RFPs is a big issue. The Federal Acquisition Regulations, they are what they are. They are pretty difficult to understand, and that is something that we assist clients, navigating through that. But it is still quite a bit to handle for a small business who may be doing $10,000, $20,000 in business and needing to understand how they process an order, how they deliver an order.

And I can understand why the regulations are there and things are supposed to be uniform in a lot of ways, but sometimes it is not a one-size-fits-all. There could possibly be some exceptions to those rules when it is something that is not a bolt that is going on a helicopter or something that is not as crucial as something that could be lifesaving or something that the warfighters need out in the field.

It is cumbersome. It is difficult to understand. It is often—even for those of us who have been doing this for many years, to kind of grasp what is happening. There are a lot of new changes in certifications and regulations that are constantly coming down the pike.

Now we have this issue of cybersecurity, which is not going away. And so there are some guidelines, but there are no stipulations or real solutions as to how to handle that as a small business. I mean, the list goes on and on. It is just—it is very difficult.

It is good that the PTACs are here. I know I keep on referring to the PTACs because I—although we are here in New Jersey, but

it is a common issue throughout all the PTACs, and we do try and assist wherever possible. But it is daunting for a small business to start playing in this field.

The gentleman here on the left, Mr. Whittington, was talking about going out and doing wage rate interviews. Okay, that is what you were referring to.

Mr. WHITTINGTON. Yes, sir.

Mr. MERCADO. If you can't do the wage rate interviews, then you are not in compliance with your contract, and that can—that is very detrimental.

So things like that have to be addressed because it is part of his responsibility. If he can't do that——

Chairman KIM. Yes.

Mr. MERCADO. Then it is a problem. So it is all these little things. And I don't think we can address that here, but we should be having more roundtables as to how can we handle this in these different areas.

Chairman KIM. Yes, and I think it gets to what you were saying earlier just about, you know, too often the Government trying to tell small businesses how to be able to operate, rather than understanding what—you know, what the experience from your end is.

And Mr. Costello, something you raised, you know, along this idea of barriers that are there, you know, you mentioned and alluded to financial burdens, you know, as another impediment to doing business with the Government. So I would like to hear just a little bit more from you about that in terms of what are some of the costs that small businesses such as yours incur in order to try to offer its products to—and services to the Government, and why is it so expensive.

Mr. COSTELLO. Yes. The cost of it was for us to actually set up and register as a—get a SAM registration and a CAGE number, and then we were informed that we needed to have a Government-friendly website because of the people that do the bidding and stuff. They have to have a certain area on the Internet that they can go to and not be on the Worldwide Web, but a certain area that they are allowed into. So that was a cost involved to us to have all of this set up.

And we went through a third-party company that did this for us that was on the Government website when we went to register. It said you have to contact these people here. So we contacted them. Of course, then we found out there was fees and costs involved in doing it, which we figured would be, you know, offset by eventually starting to do business with the Government. And then nothing came of it, nothing in our local area that we could service.

And now hearing all of the other stuff that we may have to do once we get that bid, it would be pretty daunting for a small company like ours.

Chairman KIM. And that is helpful.

And I think, Mr. Whittington, I mean, I think one thing you mentioned kind of fits into this in a different direction. I mean, sure, some of the other points that were just mentioned are ones that you struggle with as well. But one that kind of stuck out to me that you talked about was just about the security side of things

as well, in terms of getting people and workers actually on the base or on a different installation.

So I would like to hear from you just a little bit more about that in terms of the security clearance process on your end, elements that you saw that might be able to be expedited. But things that—you know, that sounds like it is another barrier in addition to the financial burdens or in addition to paperwork. But I would just like to hear about that a little bit more from you.

Mr. WHITTINGTON. Thank you.

I am one of the largest advocates, I would say, on security, especially at the bases, with the past decade-worth of incidents we have had on the bases. You know, it has been a bit scary. But that being said, I also have the obligation to my members, to the building trades to help form a more cohesive relationship with the bases.

And in respect to what you are asking, it would seem that there might be an easier process to vet, you know, my members, vet myself to be able to go on, instead of a 30- to 60-day, you know, background check, which I more than advocate for. But it seems—doesn't seem to be a good way of doing business on the base.

I hate to sound so—you know, lay on it, but it doesn't work. It just doesn't work.

Chairman KIM. Let us say you go through that process. In the 30 to 60 days, you get a clearance. How long does that stay with you?

Mr. WHITTINGTON. I was told I would have clearance, you know, during the term of the job, you know?

Chairman KIM. And then if there were to be a subsequent job, you may have to——

Mr. WHITTINGTON. Again, yes.

Mr. KIM.—go through it again?

Mr. WHITTINGTON. Yes. And thank you for elaborating on that. I appreciate that. Man——

Chairman KIM. Because I think for——

Mr. WHITTINGTON.—I mean, you have said it. You have said it best, to be honest with you. That would—that is my major concern right there, access and the ability to access these jobs on the base once you are cleared.

If my members can go through in a gate, show a card, sign in and go in, you know, they have been vetted through the contractor. You know, they submit their information. They do a background check—could be 15 days, 30 days—why is it that, you know, another person who, in relation to that job, has to take 30 to 60 days to—you know, for the same background check on multiple——

Chairman KIM. Yes, this is something that we will make sure we dig into a little bit more here. We don't have a representative from the base here.

Mr. WHITTINGTON. Right, I understand.

Chairman KIM. And there may be a process there that—but it kind of goes added to what you were saying earlier, just the process being a bit opaque, at least from your perspective there.

Mr. WHITTINGTON. Right, right.

Chairman KIM. And what is it that we can do or others can do to just try to clarify. I have often found that—you know, I have often found, certainly at the joint base and Picatinny, and a lot of

the places here in New Jersey, that a lot of the folks there, they want to make sure that they are connecting in with the communities. They want to make those opportunities available to people. And I found them very accommodating to try to make certain things happen.

And I find that sometimes there is a disconnect between what it is that they are putting into processes and then how it is being implemented or how it is being perceived or received.

But I think your point was really spot-on. I mean, look, all of us want to make sure that we are continuing to have security on these bases. You know, I was a career prior to this in national security. I lived on military bases before. I understand how important that is.

But we also want to make sure that we are able to really draw on the community in the same way that we here in New Jersey want to absolutely embrace the joint base and embrace all of the other installations that are so important because we are proud of it.

Mr. WHITTINGTON. Yes, absolutely.

Chairman KIM. And they are great for our economy, for our communities. But we also want to make sure that there is a good relationship, and it is not isolated and closed off from the communities because that—I mean, you know, I remember growing up here. We used to just be able to drive through the base, and obviously, after September 11th, that is no longer doable. And I have seen a change just over time, and I am sure that is the same with communities across this country. So in this era where we have heightened concerns about security, of course, how can we try to find that element? So I absolutely want to work with you on that.

And I think, Mr. Cantor, you know, you raised a point as well. That just sounds so frustrating about how, you know, a business—a veteran-owned business, how they have to get certifications, you said, from the VA and then from elsewhere. I mean just having to constantly go in that kind of process.

I mean, I am sure you have looked into this and others, but you know, what are the barriers to try to streamline that because then, you know, you also have the Federal side of things, but then also the State level.

So I guess my question to you is that I am sure that we are not going to be the first to try to streamline this process and see what we can do. Others have tried before.

You know, what have been some of the barriers there to try to get a system that is more respectful of the time of small business owners that, frankly, don't have the time to just constantly jump through these hoops? You know, it is usually just them or just a handful of employees. This isn't some big corporation where they have an entire division, you know, dedicated to handling Government work or legal work, right?

So I guess I just kind of want to get a steer from you of, you know, where do you think we can be putting our energy or, you know, what are some of the other areas that we should be looking into here?

Colonel CANTOR. Thank you for the question, Congressman.

So a couple things. With regards to the certification process, I will tell you that it eats up 80 percent of your time. As a young entrepreneur, it eats up 80 percent of your time.

You should be focused on business development. You should be focused on, you know, trying to find work to sustain your business. But you can't play in that game unless you have the certification, so it is sort of like a catch 22.

So for me, for my example, I own a construction company here in New Jersey. I applied to the VA with the help of the PTAC, I might say, so they have been very, very helpful in helping me get my certification. And even with their help, it took me 6 months to get that certification.

Chairman KIM. Six months.

Colonel CANTOR. Six months. And that is on the fast side. That is on the fast side. The time I did this before, it took over 9 months.

And what I tell people in the Chamber when they are going for the certification is plan on a year, plan on not having your CVE certification in a year's time.

Now what we were able to do, as part of the advocacy from the Veterans Chamber, is we were able to get the State to change the verbiage in the rules and regulations on certifying as a service-disabled veteran-owned business in the State of New Jersey. So now you have to supply a DD-214, which is your proof of service, and if you have a letter from the VA stating that you do have, in fact, a service-connected disability, then you are eligible to become a service-disabled veteran-owned business in the State of New Jersey.

Unfortunately, with the 3-percent set-aside law the way it is, it doesn't really help because there is not business to be had right now in the State of New Jersey. So you have to go elsewhere, like New York and Pennsylvania.

So for me as a business owner, I spent an inordinate amount of time getting certified with the VA, getting certified in the State of New Jersey, getting certified with Pennsylvania, getting certified with New York, so that there is business opportunities. So I can play in a lot of these games, and I can apply for work. And that is just the ticket for entry.

Now I have to work on building on my business, right? Now I have to work on, okay, for FedBizOpps, all these jobs come out. I have to look closely. And you know, these RFPs are not easy to work through and translate. Some are hundreds of pages long. And you go through these RFPs and you could literally hire like four other people just to go through the RFP process to put a bid in for this—for any specific job. So it is a painful process. It is a process that is at hand. So that is the environment we are playing in.

But I would tell you that the thing that I think if you were able to focus your efforts on, the two most important things, number one is we understand that we have to wait this amount of time for the CVE process through the VA, to get vetted and certified as a disabled veteran-owned business. In that interim, what we can do or what Congress could do is to get the Department of Transportation to recognize veteran entities—veteran business entities as a disadvantaged business entity. That will shorten the amount of time it takes for veterans to compete in a lot of these jobs that are

currently available as a DBE, as opposed to waiting for their SDVOB.

So that would be job number one, would be get the veteran business entities recognized, U.S. DOT, as a DBE. Second, to support our disabled-veteran business community, is to have that price preference, have a national price preference, 15 percent, to support these disabled-veteran businesses.

That is the only way that disabled veteran-owned businesses—because they don't necessarily have the ability to scale up for any specific jobs, so the only way they can compete, truly compete, is to have a 15-percent price preference.

Chairman KIM. Thank you for that.

Just going back, I mean, you know, Mr. Costello, I thought a point you just kind of made in your last response was interesting. I mean, you were talking about the barriers that you had to go through just to get off the ground and then you were remarking of what you are hearing about the road forward here.

I guess my question to you is just what are you thinking about as a business owner about the return on your investment then? You know, when you are thinking about these financial burdens, when you are—you know, the paperwork and you are hearing now about some of these other things, like, you know, if you were to kind of start over again knowing what you know now, how would you feel about the return on your investment and what it has to undertake to offer your products and services to the Government?

Mr. COSTELLO. I would definitely reconsider, especially out here, the paces we have to go through once we do, you know, submit a bid. But we thought, you know, going forward with this would be a great opportunity to have the service. We are a very mixed business, and there is—anywhere we go, anybody is a potential customer for us. If there is like something at home, it has got a window. With the Government, at the base, every aircraft carrier or every airplane has a seat in it, at least one. The base has multiple seating areas where, you know, money could be made.

So that is what we initially looked at was the volume of work that was available to us at the base. And then once we got started with it, we figured, okay, this is just a start-up cost. We will, you know, start to see some return on it, and then we haven't seen anything yet.

But now another example, just to keep going—but what is going to come down the road next, I don't really know if it is a fit for a business that is as small as we are.

Chairman KIM. Yes.

Mr. COSTELLO. Again, I don't have, you know, an entire staff dedicated to going through the process doing all that other stuff.

Chairman KIM. Well, I think that is very reflective of, I am sure, what a lot of other business owners think across the board here, right, and—absolutely.

And Mr. Mercado, I was going to turn to you anyway. You successfully made PTAC the official acronym of this hearing. That is definitely sticking in all of our minds here.

So, you know, I love your perspective on just that question. But I guess I also just want to ask you just a little more detail about workshops that you guys are doing or other information you pro-

vide, and like what are some of the things that you are doing that you have seen to be most effective or most supportive or providing that kind of assistance to small businesses?

You know, when you hear what Mr. Costello was just saying, what goes through your mind in terms of what it is you might be able to provide or other things that we might be able to do?

Mr. MERCADO. Well, let me go back a little bit and just say that I have been on the small business end, and that is kind of why I ended up here because of the frustration I had as a small business owner and seeing developments coming up and thinking that—I had a liquor license, and I thought it was going to be worth millions. And it turns out that the city gave licenses to these big conglomerates for a song and dance, and all the licenses along the waterfront were basically worthless.

After that, I got into small business development, and then I am here today as an advocate to small businesses and to take that frustration, rather than being frustrated, let us see what I can do to effect some change.

And years later, now I am at the helm of a PTAC here in New Jersey statewide and, again, changing everything the way it used to be done, and now we are focusing more on value-added training with webinars, live sessions with subject matter experts helping people.

Colonel CANTOR. Do you have an expo?

Mr. MERCADO. Huh?

Colonel CANTOR. Do you have an expo?

Mr. MERCADO. We have a matchmaking conference. Okay, you mentioned Procurement Expo, but everybody has Procurement Expo.

Our expo was a little more difficult to put together and more costly, and it is a big headache for us. But guess what? At the end of the day, what we want is to connect the dots between a small business, Government buyers, and large primes.

So, yes, we may not make—we may not be doing 500 or 1,000 people coming into the event, but we can have several hundred people connecting with potential buyers. So we have doing that for the last 3 years, and we are looking to gain more success doing that.

We do one-on-one counseling. So as you come in—when Jeff came—Mr. Cantor came in to us, he was just getting started, and there is a lot of unknowns. Yes, somebody wants you to get certified here. They want you get certified there. So we assist through that process.

Now, mind you, we are short-staffed and we don't have that much funding, but we try and do as much as we can. And you know, we would like to help everybody with their certifications, and we try and do that. So now we are going from individual classes and individual one-on-one counseling. We are trying to do group counseling—I mean group sessions so that we can get everybody in a room and do the SAM registrations, rather than doing them individually. We have bid match services that kind of connect you to bid opportunities that are coming your way.

The issues with the bids, whether they are Federal or they are private sector, is that you usually don't get much lead time. You

are lucky if it is a 4-week lead time. And by the time you find out and look at it, you may have 1 week to respond. I don't see that changing anytime soon, but we try and assist—we assist through that process, also.

As you are putting the proposal together, we are reviewing the proposal. Before you submit the proposal, we will review it and make sure that your I's are dotted and your T's are crossed, but it is a big endeavor.

And we—and the certifications, oh my, God, it is just unbearable. New Jersey has a certification. New York has a certification. There is the small business certifications with the Federal Government. Then there is the VA. And then if you want to do a DBE type—DOT work, then you have to get DBE certifications as well if you want to do work at the airport.

Right now—recently, a lot of those DOT certifications have been unified now so that now you don't have to certified here in New Jersey and also in California, you know, so that is kind of a win. But the certifications can be daunting, and you have to keep them up. It is either once a year or once every 3 years, and there are charges for them.

But you know, we are in New Jersey. And I am almost a lifelong resident of New Jersey. I was raised here. Born in Brooklyn, raised in Jersey City. But when I look at what New York State has done, and they have—what is the percentage they have——

Colonel CANTOR. They have—well, they——

Mr. MERCADO.—for veterans?

Colonel CANTOR. Six percent.

Mr. MERCADO. Six percent.

Colonel CANTOR. Set aside.

Mr. MERCADO. Set aside. And they got—they are actually doing business with veterans, and they are certifying New Jersey State veterans as well. I think we have lessons to learn from New York State.

And I remember when Governor Cuomo came up at the Small Business Forum a number of years ago, and he upped the percentage up to 25 percent.

Colonel CANTOR. Now it is 30 percent.

Mr. MERCADO. Now it is 30 percent. And we all thought—I thought he was losing it. But guess what? New York is doing it. And why can't we do that here in New Jersey?

Chairman KIM. Yes, I think you are right. I mean, look, there is no single layer of government that is going to have all of the solutions to this.

And I am trying to be—thinking through, you know, what are the different strategies that we can be having, you know, at a local level, at a State level, at a Federal level, from a small business angle, from an armed services angle, and trying to get at this.

And I think it goes back to what I was saying earlier of just, you know, what is our sense of fairness, you know? And I think a lot of these issues are structural and systemic problems that deal with just the rigidity of the regulations and the systems that are there.

But some of it is also just—I think the right word would be, you know, maybe more personal in this way in terms of, you know, how we try to navigate within our own communities.

And, Mr. Whittington, I just want to go back to you on this one. I mean, you know, you have laid out your frustrations on the transparency side and the lead time, a lot of the things that we have talked about here. I know this is an issue that has been, you know, frustrating for you and others for years, and so I don't want to make it seem like we are just discovering that this is a problem, right?

Mr. WHITTINGTON. I understand.

Chairman KIM. Like we absolutely want to make sure that we have local workers having a fair shot at the type of projects that are going on, whether for joint base or for any Government operation. And when I see construction projects happening at the base, I am just thinking are they bringing in local workers? Sometimes they are not, and I am trying to get a handle on that.

So, you know, I guess I would just like to get a sense from you just, you know, personally, as you have been trying to get a sense of what is fair for local workers, what have you tried before, and what have been some of the barriers that you have connected in? I know you have tried to engage with different people working at the base and other things like that. What have you seen to be maybe successful? What have you seen to be some of the problems?

And then on top of that, I am sure one of the things you probably mentioned is the fact that there is just such turnover, too, you know once you start building a relationship. You know, we have a new commander—base commander now who just came in, and we will have to start building these relationships again and then in many ways just feel like we are kind of pushing back up those same hills. Each time, hopefully, we learn, but I would just be interested in hearing your perspective of it.

Mr. WHITTINGTON. Thank you, Congressman.

I guess you brought up an important point about the turnover that—not to be redundant, but that is an important point. You know, these gentlemen here have expressed their concerns about the fact that—you know, the turnover. You form a relationship, they leave 2 years later, a year and a half later. You know, you are doing great there, next thing you know, the new commander—I will just use one, for example—comes in, a new agenda, new opportunities, new ideas. It may not be conducive to the way you were doing business prior. Sure, we have to adapt and work with the new—you know, the new commander.

But in any case, some of the other frustrations there, as you mentioned, I guess, would be—you know, I have to admit that I am relatively new in this position, okay, so it is been great learning, you know, the new ways and the new ideas, who to approach, who to talk to. There is a lot of community. Burlington Chamber Regional Commerce, you know, they have a great packet you can start with. You know, it is a good starting point. But where do we go from there? You know, where do we go? Who do we talk to?

These gentlemen here provide excellent opportunities, you know, but how do we get that information out to the small businesses? How do they even understand who to talk to, where to go to, unless I stumble upon them, unless Mr. Mercado or Mr. Cantor or Mr. Costello has an opportunity to talk to them?

Chairman KIM. Who is the point person?

Mr. WHITTINGTON. Right, exactly. Excellent point. Maybe one national point person or point office, you know, as it was suggested. Excellent, you know?

And personally, it is—I can only say, personally, it is been a great learning opportunity, as well as frustrating, to learn how cumbersome it is to, you know, grasp as I start to grow. It is almost like an endless the more I know, the less I know.

Chairman KIM. Well, look, we are all going to be working together to try to figure out, you know, a way in which we could try to address some of these issues. And you know, each of you brings a great perspective here, and certainly, we will be laser-focused on trying to figure out some of these steps forward.

Before we start to bring this to a close, Mr. Cantor, I just wanted to turn back to you. I would be interested in hearing, you know, your reactions to what Mr. Whittington was saying about some of these struggles, just getting the transparency, focused on that, but a little bit more of just what your understanding is. You know, what, in your mind, is that fairness level? You know, what is it that we are trying to be pushing for?

And I thought also, you know, a part that you mentioned earlier, which was about being the subcontractor side of things there, too, you know, so—you know, that you and Mr. Mercado were talking about.

So I would love to just kind of hear any sort of final thoughts in your mind, as you provided us a lot of really concrete, you know, potential steps that we can be taking.

Colonel CANTOR. Yes, Congressman, and thank you again for the opportunity.

The one thing that I would address is that in 2021, it is likely that we will face another BRAC hearing. And to dispel the presence of the joint base going away in a BRAC—because, I mean, we had this happen in New Jersey with Fort Monmouth—the most effective way to counter a BRAC is to show the economic vitality that the local community has with the joint base, right? So, and it takes time to do that. It takes time to build that infrastructure.

So to avoid BRAC, and especially joint base because it provides a lot of employment opportunities and a lot of opportunities in general, we need to be able to start now to showcase how the joint base works with the local community and how businesses like Mr. Costello's or like mine has an impact, has interest in the joint base, and vice-versa, right? So unless we do that, we are going to face what happened to Fort Monmouth several years ago when that was BRAC'd.

So, as a newly formed entity last year for my business, my only way forward right now in the—on the Federal side is to come in as a subcontractor. So I have to build my base of business to show people I can do the work, but I can't do it as a prime because I don't have the experience because when you apply for work in the Federal Government as a prime, you have to show past experience. So I don't have that as my business.

I have hired people that have past experience with other companies, but that doesn't count because it is my entity, right? So now, I am starting from scratch. So the only way I can break in is at a subcontractor level.

So the issue is, you know, how do you create more opportunities for businesses like mine, for businesses like Mr. Costello's as a subcontractor that can be sort of like handheld with a joint venture or a mentorship program to say, all right, here we go. I am going to do—the prime vendor is going to do this. We want the subcontractor to do this part of this job to test the waters to see, A, how you do and, B, to establish a base of business so then you can eventually come up and become a prime contractor.

So I think more subcontracting opportunities is the way forward, and the way to do that is with more joint venture and more mentorship opportunities with the joint base. But unless we are showing a total involvement with as many businesses in our communities that surround the joint base, BRAC is going to be everpresent.

Chairman KIM. Well, I appreciate all of your comments today and the insights that you have been able to provide. As I promised, I would be mindful and respectful of your time as well, so we will start to bring this to a close here.

But I certainly feel like I have a clearer idea of some of the challenges that are out here and what it is that you or other business owners that you work with are experiencing here.

And it is frustrating. It is frustrating, and I think that this is exactly the type of work that the Small Business Committee is trying to stay on top of. And I see it every day down in Washington that so often on the issues that we talk about, whether it is about healthcare or the economy or jobs, oftentimes, we know that, you know, the biggest corporations and those, you know, they are there. They have their voices heard, and they are talking about it.

But it is even just difficult for us to get small business owners down to D.C. to testify because they have got their business to run. And if they are not there that day or the next day because they are down in D.C., that means somebody has got to cover and what kind of trouble. So, you know, this is the role that the Small Business Committee is trying to play to make sure that we can be a voice for small businesses.

And I will tell you that it has been truly a great honor to be able to work on this Committee. And I know you watch the news and you see the divisions that happen and the disputes that happen down in D.C., but this Committee is one where I can assure you I have talked to every single Member on both sides of the aisle, and they feel very committed to this.

You know, if ever there was an issue that we can rally around and put aside any differences, it is, you know, looking out for our small businesses, especially small businesses that are trying to work to better secure our country and work with our—support our armed service men and women and our Government. You know, these are the types of commitments that we are trying to make sure we lift up and be able to support.

I often say, you know, on the Small Business Committee and the other Committee I am on, the Armed Services Committee, these are Committees that really have shown a lot of bipartisanship in this time. And you know, oftentimes, you could probably just print out a transcript of these Committee hearings, especially the Small Business, and just block out the names, and you won't know who

is a Democrat or Republican. You know, they are just trying to, you know, hone in on this.

So in that vein, as well as the vein of what we said of just meeting people where they are at, being able to come to you, talk to you, I just want to again say sincerely on behalf of myself as the Chairman of this Subcommittee, as well as the entire Committee who I have talked to extensively prior to this to make sure I can reflect the questions and the concerns and the issues that all of the different members are asking, I just want to again say thank you.

We certainly have our work cut out for us, and I feel like coming out of this, there are a lot of things that we need to follow up on. I am sure we will be staying in touch with you, as well as others here participating today and other small business owners and others that weren't able to make it. And we will just, you know, keep at this and do what we can to be able to support.

At this point, we will start to bring this to a close. So I am asking for unanimous consent that members have 5 legislative days to submit statements and supporting material for the record. And without any objection, so ordered.

And if there is no further business to come before this Committee, we are adjourned.

Thank you so much.

[Whereupon, at 12:31 p.m., the Subcommittee was adjourned.]

APPENDIX

Good Afternoon, Thank you for the opportunity to speak today on an important subject, close to the hearts of the many members I represent in the Building Trades.

The Base provides thousands of jobs for local residents, that being said, the Base also supports our local economy, even the state.

The local members I represent, work in the construction field. The Base provides a lot of construction opportunities, offering renovations, additions, and maintenance, to name a few.

The work on the Base provides paychecks, which in turn spurs the local economy. The many jobs I see being bid out, are to out of state contractors with no realized economic advantage to the local economy.

Our local contractors have an advantage that the Base can save, in my opinion, an enormous expenditure of resources.

The cost savings include:

- Efficient Production Capabilities
- Production Facilities located in close proximity to Base projects.
- Production Facilities utilize High Technology Standards
- Highly skilled Local area workforce
- High quality Local apprenticeship standards
- Workforce lives in the immediate area
- The Base can work directly with the necessary trade, as a cost saving measure.

Some of the Concerns with projects on the Base are as follows:

- Information on future projects on the Base.
- Lead time on project information.
- Fair competition for local area companies.
- Security issues that hinder access to projects.
- Access to project personnel.

These points I have relayed are only a few, I feel a cohesive relationship with the Bases and local area residents, and small businesses will yield immense cost saving measures.

Johnnie Whittington

Business Representative

Sheet Metal Workers Local 27

Hearing Testimony

Thank you, Chairwoman Velazquez and ranking member Steve Chabot, for holding todays field hearing on "Expanding Opportunities for Small Business at Military bases"

Also, thank you to Congressman Kim for inviting me to be a part of this program as a representative from not only my personal enterprises but as an Officer of both Delran and Riverside Business Associations.

I am Paul Costello, Vice president of Sciacca's Upholstering & Design Center and C&S Marine.

Sciacca's Upholstery & Deign Center is a 75-year-old establishment with 3rd generation ownership.

We service residential, commercial and professional clients for all aspects of upholstery, custom built furniture, window covering and On- Site Cleaning services.

C&S Marine is a recent acquisition from November of 2017. We hold the sole international license to produce upholstery for Correct Craft and Nautique boats. We have 8 dealers internationally and private clients worldwide.

Our local small **businesses** can provide ancillary services that government is not prepared nor set up to provide such as specialty services, customized items and larger scale refurbishing /manufacturing. There are hundreds of business in the Burlington County area that can provide their services to Military bases. The key is that they need to know how to connect and become properly registered. The action of cultivating the relationship between a small businessowner and the Military base is a tremendous growth potential for that private business owner. The necessary documents, certifications and credentials must be completed to be considered for available projects.

My suggestion here for expansion is #1 to keep the costs within reach so that a greater number of small business owners can join the program and #2 encourage the proper people to seek out small vendors for specialty services and such.

Lastly, the Base could hold a Registration event for small business owners to attend and learn about the opportunities and requirements.

My personal thoughts and experiences in attaining a SAM registration, CAGE # and having produced a "government friendly" website has been a large financial commitment. In the past year, we have seen only a handful of bidding opportunities related to our services and most have been outside of our immediate service area. As a company, we have devoted our time to cultivating military relationships by attending the quarterly Commander Luncheons hosted by the Burling County Regional Chamber of Commerce.

We also have been Ambassadors for ranking Officers at events such as the Annual Installation Dinner for BCRCC.

In closing, I truly thank you for your time and attention today. I would be happy respond to any additional questions you may have in conjunction with this topic.

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Paul R Costello

United States House of Representatives
Committee on Small Business
Expanding Opportunities for Small Businesses at Military Bases

August 1, 2019

Raul Mercado, Director of New Jersey Institute of Technology, Procurement Technical Assistance Center (NJIT PTAC)

- New Jersey's Statewide PTAC services all counties except Union County
- Funded through a cooperative agreement with the Defense Logistics Agency

Program Goals:
Provide training, counseling, bid match services, and technical assistance to New Jersey based businesses that help them navigate through the government and government prime procurement landscape.

Who We Serve:
Our clients consist of small and large businesses working with or seeking to work with government entities (state, local and federal agencies). We collaborate with government agencies and large prime firms in helping identify and engaging small and diverse businesses in their respective sourcing/procurement projects.

Successes:
Our organization has significantly increased impact to NJ business revenues, innovation, job growth and retention. We have successfully linked qualified small businesses to large prime contractors and government procurement opportunities.

- New Department of Defense deviation called Commercial Solutions Opening (CSO) that allows contracting officers to "obtain solutions or potential new capabilities that fulfill requirements, close capability gaps, or provide potential technological advancements" (See attached: USA001228-18-DPAP)
- More than $600 Million in contract awards for NJIT PTAC New Jersey business clients (AUG2018-JUL2019)
- NJIT PTAC collaboration with first Pitch Day for Joint Base McGuire-Dix-Lakehurst on June 10, 2019 (See attached press release)
- Collaborated with MacDill Air Force Base's first Pitch Day taking place today (August 1, 2019) in Florida
- Industry Days: NAVAIR, Defense Contractors Management Agency
- Host NJIT PTAC Supply Chain Matchmaking Conferences matching small businesses to buying agency and military installation needs.

Barriers:

- Lack of awareness of available resources available from PTACs
- Inequitable funding of PTACs (Statewides Max $750K, Regionals Max $450K)

  - Documentation and proposal processes consume programmatic service time and inhibit ability for greater impact
- Legislation/Regulations
- Burdensome documentation for small businesses
- Government's lack of understanding of small business capacity and need for viable resource
- Large prime contractors not contributing a significant role in small business procurement, mentorship and development.

Potential Steps for Success:

- Increase use of Commercial Solutions Openings (CSOs) and set-asides.
- Increase engagement of small businesses throughout the sourcing process.
- Promote PTAC resources throughout military bases and small business community.
- Increase responsibilities of entrenched prime contractors to be proactive and inclusive of small businesses within their procurement processes.
- Award multi-year grants to PTACs so that more time may be dedicated to providing resources to clients in their respective service areas.

Statement by Colonel (Ret) Jeff Cantor

Thank you to Congressman Andy Kim and the honorable members of this commission for allowing me to speak and offer testimony on the issues affecting small and diverse businesses here in New Jersey and beyond.

My name is Colonel Jeff Cantor and I represent the 668 members of the NJ State Veterans Chamber of Commerce. In the 32 years I spent in the military, I was always taught to deliver the bottom line up front, so here it is. Small and diverse businesses in the state are not getting their fair share of procurement opportunities and experience unfriendly conditions to operating their businesses in our state. There are seven key areas that federal intervention could have profound effects on the small and diverse business community, which I will share with you in my testimony.

To provide context, I will share with you that New Jersey has two set-aside laws currently on the books. One is for small business entities and the other is for service-connected disabled veteran owned businesses (SDVOBs). The SDVOB set-aside law, PL 2016, Ch. 116, has been public law since it was passed unanimously in 2015. Since that timeframe, roughly 3 ½ years, not one contract has been set aside, and no money has been awarded to SDVOBs under the program.

There are seven key areas where federal intervention would have a profound effect on supporting small & diverse businesses. First, it would be advisable to add veteran owned and service disabled veteran owned businesses to the federal definition, according to the US Department Of Transportation, as a disadvantaged business entity, or DBE. The current definition only includes African Americans, Hispanics, Native Americans, Asian-Pacific and Subcontinent Asian Americans, and women who are presumed to be socially and economically disadvantaged. Other individuals can also qualify as socially and economically disadvantaged on a case-by-case basis. Veterans have a tougher time gaining access to capital, and since their service was usually away from their home state, they do not have the networks that other businesses have developed. Veterans & service disabled veterans are truly disadvantaged business entities and need to be included in the federal definition.

Second, there are not very many service disabled veteran businesses in this state and in many others. It would be advisable to introduce a SDVOB price preference law of 15% to accommodate for this shortfall. Many states have implemented a price preference law for SDVOBs because of the lower number of businesses. A 15% price preference law is needed in New Jersey and for the federal government. This would allow SDVOBs to compete in the open bid process. States like Michigan and Connecticut have already implemented these laws and have seen success. If the lowest bidder on a project is $100,000 and a SDVOB comes in at $112,000, under a 15% price preference law, it would mean that the SDVOB is the lowest technical bidder. Since we are not talking about a lot of businesses (65 in New Jersey), this

would have a positive impact on the SDVOB community with minimal risk or negative impact on the business community at large.

Third, the Small Business Association has been a good partner to small and diverse businesses. It would be great if the SBA could expand their program to veteran business entities to provide greater access to capital, insurance, and bonding. These programs are needed as there are a dearth of programs available to support VBEs and allow them to take their business to the next level. Bonding & insurance costs are extremely high and can eat up the cash flow of a small business. Additionally, it is very difficult to obtain an appropriate amount of surety bonding without having to sign your life away and risk losing all you have worked for. Having the SBA roll out a program that is accepted at all federal and state entities would relieve an enormous amount of stress on veteran entrepreneurs and allow them to compete for larger jobs which would also allow them to hire more people.

Fourth, The system for doing business in New Jersey is very complicated to navigate. Right now a SDVOB has to register with the VA through the CVE certification system. They then have to register with the state department of treasury, then with the Division of Purchase & Property, then with the Division of Property Management & Construction, then with NJ Transit, then with the Turnpike authority, then with the utilities, then with the Port Authority, and so on and so on. This takes time and money away from the business owner. Instead, there should be one universal registration portal in the state. Once a diverse business is registered, they would be pre-qualified with all state entities. Unfortunately, there is no money in the state budget to allow a universal portal system. Getting a grant from the federal government to roll this out would be advisable and welcome at state government levels. The cost of a total universal portal system would likely be $1-2 Million USD.

Fifth, There needs to be transparency of small and diverse spending at every federal entity. Transparency in government in an extremely important tenet. There should be a mandatory listing on every federal entities website that operates in New Jersey as to their small and diverse spends. It should be easy to find how much the FAA, DoD, DLA, Corps of Engineers, and so on, spend on African-American, Hispanic, Women, Veteran, and Service Disabled Veteran Owned Businesses. There should be a percentage of overall annual spends as well as the actual dollar spends by diverse group so we can see where they are primarily spending taxpayer dollars. Those dollars should represent the diverse breakdown of our state.

Sixth, There should be greater opportunities on JBMDL and Picatinny Arsenal for veteran and service disabled veteran businesses. I know the folks at the small business office on the Joint Base, and they do a tremendous job of communicating and working with the veterans chamber. When we have them speak, they do discuss their diverse spends. They have initiated a small business roundtable, but I have not seen any action to date which would support small and diverse businesses. Having procurement opportunity fairs on the bases would help bring small and diverse businesses to the procurement specialists on base. There should be some

type of training program that can be rolled out if a SDVOB did not get a specific contract on the base, then they can sit with the small business office and go through their bid and compare it to the winning bid to understand the differences and can show improvement in the future. That would be a very valuable tool for SBEs.

And seventh, there needs to be more joint venture and mentorship opportunities with federal contracting. By creating joint ventures and mentors, you create seasoned companies who help newer companies and startups break into the federal field. It is extremely difficult to do it on your own, so having more joint ventures would create additional opportunities for newer businesses.

I have recently written a white paper that I shared with the Governor on steps the state can take to improve its support of small and diverse businesses. I would be happy to share that with you upon request. My personal cell # is 732-778-7708 and my email address is jeff@njveteranschamber.com. I sincerely hope that this testimony will help you formulate policy and laws that will make a change for small and diverse businesses, including veteran and service disabled veteran owned businesses.

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