

Mr. THOMPSON of Mississippi. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX, further proceedings on this motion will be postponed.

#### CLARITY ON SMALL BUSINESS PARTICIPATION IN CATEGORY MANAGEMENT ACT OF 2019

Ms. VELÁZQUEZ. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 226) to amend the Small Business Act to include best in class designations in the annual report on small business goals prepared by the Administrator of the Small Business Administration, and for other purposes.

The Clerk read the title of the bill.

The text of the bill is as follows:

H.R. 226

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

#### SECTION 1. SHORT TITLE.

This Act may be cited as the “Clarity on Small Business Participation in Category Management Act of 2019”.

#### SEC. 2. INCLUSION OF BEST IN CLASS DESIGNATIONS IN ANNUAL REPORT ON SMALL BUSINESS GOALS.

Section 15(h) of the Small Business Act (15 U.S.C. 644(h)) is amended by adding at the end the following new paragraph:

“(4) BEST IN CLASS SMALL BUSINESS PARTICIPATION REPORTING.—

“(A) ADDENDUM.—The Administrator, in addition to the requirements under paragraph (2), shall include in the report required by such paragraph, for each best in class designation—

“(i) the total amount of spending Governmentwide in such designation;

“(ii) the number of small business concerns awarded contracts and the dollar amount of such contracts awarded within each such designation to each of the following—

“(I) qualified HUBZone small business concerns;

“(II) small business concerns owned and controlled by women;

“(III) small business concerns owned and controlled by service-disabled veterans; and

“(IV) small business concerns owned and controlled by socially and economically disadvantaged individuals.

“(B) BEST IN CLASS DEFINED.—The term ‘best in class’ has the meaning given such term by the Director of the Office of Management and Budget.

“(C) EFFECTIVE DATE.—The Administrator shall report on the information described by subparagraph (A) beginning on the date that such information is available in the Federal Procurement Data System, the System for Award Management, or any successor to such systems.”.

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

The Chair recognizes the gentlewoman from New York.

GENERAL LEAVE

Ms. VELÁZQUEZ. Mr. Speaker, I ask unanimous consent that all Members have 5 legislative days to revise and extend their remarks and include extra-

neous material on the measure under consideration.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from New York?

There was no objection.

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

Mr. Speaker, I rise in support of my bill, H.R. 226, the Clarity on Small Business Participation in Category Management Act of 2019.

Let me begin by welcoming back Ranking Member CHABOT to this new Congress. I have been privileged to serve on the Small Business Committee for two decades and appreciate the relationship the ranking member and I have cultivated. I look forward to working with him on this bill and others as we remain steadfast in our efforts to ensure small businesses have the resources to thrive now and in the future.

Our committee has long acknowledged small businesses’ critical role in the \$500 billion a year Federal marketplace. When small firms are awarded Federal contracts, the result is a win-win.

Category management is believed by some to be the best strategy to get agencies the lowest price, but my committee has heard otherwise, and the data backs this up. Small contractors on the multiple award schedule consistently provide lower prices to agencies than those offered through category management.

Despite this, agencies have increased the use of category management, which not just increases costs to the Federal Government but also limits contracts to small vendors. In our committee hearings last year, we heard that more and more contracts are being consolidated and put out of the reach of small businesses as a result of category management.

This bill is a commonsense first step to address the need of small vendors, particularly minority-, women-, and veteran-owned small businesses, to remain competitors in the Federal marketplace. By requiring that contracting activity under this new regime of category management be reported in the annual goaling report from agencies to Congress, today’s bill protects the industrial base by creating a mechanism for much-needed accountability.

H.R. 226 gives us the ability to analyze the data so that we can truly understand the role category management is playing in the marketplace and make changes accordingly.

Mr. Speaker, I am proud to offer this bill to provide accountability to the category management regime. I urge Members to support this legislation, and I reserve the balance of my time.

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

Mr. Speaker, I rise in support of H.R. 226, the Clarity on Small Business Participation in Category Management Act of 2019.

I thank Chairwoman VELÁZQUEZ for working with us in a bipartisan manner on this bill, as we have done over the years on a whole range of other bills, whether the Democrats are in the majority or the Republicans are in the majority. On this committee, Ms. VELÁZQUEZ and I have been able to work in a bipartisan manner, and we appreciate that very much on this bill and many other things as well.

Category management is a procurement initiative that is being adopted across the Federal Government. If implemented properly, it can be a beneficial tool, allowing the government to better understand its purchasing habits and identify cost savings, where appropriate.

However, as we discovered in a full committee hearing that we held on this topic last Congress, setting mandatory targets to manage agency spending may result in unintended consequences that could impact the small business industrial base.

Specifically, this initiative may inadvertently reduce competition to only a few vendors and may discourage new and emerging small businesses from entering the Federal marketplace.

As a result, we may see a decrease in competition and an exodus of small businesses from the Federal contracting base. We should ensure that maximum opportunities are given to small businesses as we continue to pursue cost savings across the Federal Government.

While I applaud the administration’s efforts to reduce waste and identify areas where savings could be achieved, when we do so, we should try to avoid harming small businesses whenever possible.

H.R. 226 takes a first step toward assessing the impacts of category management on small businesses by requiring the Small Business Administration to report exactly how much is awarded to small businesses through the best in class contracts. Establishing this baseline and regularly monitoring these numbers is critical.

Mr. Speaker, I urge my colleagues to support this bill, and I reserve the balance of my time.

Ms. VELÁZQUEZ. Mr. Speaker, I yield 3 minutes to the gentleman from Mississippi (Mr. THOMPSON), the chairman of the Committee on Homeland Security.

Mr. THOMPSON of Mississippi. Mr. Speaker, I thank my friend, Ms. VELÁZQUEZ, for yielding me the time.

Mr. Speaker, we are currently on the 18th day of President Trump’s government shutdown. On a daily basis, the economic harm of the shutdown is being felt more acutely by small businesses in the Federal marketplace than their larger competitors. In contrast to large firms, small firms often rely on just a few contracts to provide a large portion of their annual revenue. As such, many report that, during the shutdown, they may have to lay off staff.

Small firms are projected to lose out on nearly \$301 million daily in new contract work because agencies cannot enter into new contracts during the shutdown.

I urge the President to put America first and agree to reopen the government.

Mr. Speaker, I rise in support of H.R. 226, the Clarity on Small Business Participation and Category Management Act of 2019. H.R. 226 seeks to improve reporting on small business participation in Federal contracting.

This legislation requires the Small Business Administration to report to Congress on the number of small businesses awarded best in class contracts and the dollar amount of such contracts. This information should help us get answers regarding how category management impacts the participation of small businesses, including minority-owned, women-owned, and veteran-owned companies, in the Federal marketplace.

Market research has shown that past contract consolidation efforts by the Federal Government have decreased the number of small prime contracting opportunities in the Federal workplace. In fiscal year 2017, the percentage of contracting dollars that went to small businesses was 24 percent, down from 26 percent in fiscal year 2015. As such, concerns about the impact of category management on small businesses are understandable.

As a longtime advocate for small businesses, I am pleased to cosponsor this legislation, and I thank the gentlewoman from New York for bringing this bill forward.

Mr. Speaker, I urge my colleagues to support small businesses by voting in favor of this legislation.

Mr. CHABOT. Mr. Speaker, before I address just some final points about this bill, I have to respond a bit to the gentleman from Mississippi relative to the shutdown, which we all hope will be resolved as soon as possible.

I don't think anybody in this body wants portions of the government to shut down and people not to be paid during that period of time. Hopefully, they will be paid in the future, but we don't necessarily want to pay people for not working, because we don't want them not to be working in the first place. So we need to get the government back open.

That being said, at this point, there is a standoff because the President and many Members in this body and in the other body believe that it is time for us to enhance our border security, and that is one of the principal issues right now and why the government is not open completely. Most of the government is open. It is a relatively small portion. However, any portion of the government that is closed is too much.

But we do have folks who have been coming across illegally at our southern border, and many believe that we do need to enhance the security at that border. Part of that is a wall, or bar-

rier, or substantial fencing, or one thing or another—whatever you want to call it—and we need to do that. We owe it to the American people to do that. So with that being said, I will just leave it there.

Mr. Speaker, I do believe that we ought to be looking to save taxpayer dollars in the procurement process, and category management may be a tool to do just that. However, we must maintain a vibrant industrial base that has a healthy and growing population of small firms to increase competition, spur innovation, and drive down costs.

This commonsense bill increases oversight on the administration's efforts to streamline the procurement process and aims to ensure small firms are not harmed in that process.

Mr. Speaker, I urge my colleagues to support this bipartisan legislation, and I yield back the balance of my time.

Ms. VELÁZQUEZ. Mr. Speaker, let me just respond to the gentleman's comment regarding the shutdown. The fact of the matter is that the President campaigned and told the American people that he will build a wall and that it will be paid for by the Government of Mexico, and that is not what he is telling us now.

Besides, this is the President's shutdown, and he was very proud when he made that comment to Speaker PELOSI and the minority leader, CHUCK SCHUMER.

Mr. Speaker, I am proud of this important legislation to provide much-needed oversight of small business participation in the streamlined acquisition strategy known as category management.

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H.R. 226 requires that contracting activity under this new regime be reported in the annual goaling report from agencies to Congress. This data would allow us to better understand how small firms fare under this new system and make adjustments if needed to guarantee an equitable playing field.

This bill protects the small business industrial base by giving a mechanism for much-needed accountability. It is supported by the National Small Business Association, the U.S. Chamber of Commerce, and the National Electrical Contractors Association, which is the voice of the \$171 billion electrical construction industry.

I thank the ranking member for his support of H.R. 226, and I remain committed to ensuring small firms are competitive within the Federal marketplace.

Mr. Speaker, I urge Members to support this bill, and I yield back the balance of my time.

Ms. JACKSON LEE. Mr. Speaker, I rise in support of H.R. 226, the "Clarity on Small Business Participation in Category Management," which amends the Small Business Act.

This act would require the Administrator of the Small Business Administration to provide in its business goal report information as to

how many small businesses are participating in the "best in class" vehicles so Congress can ascertain the effectiveness of such contracting vehicles for small firms.

H.R. 226 amends "the Small Business Act to include best in class designations in the annual report on small business goals prepared by the Administrator of the Small Business Administration, and for other purposes."

The report is to include among other things, the number of small business concerns awarded contracts and the dollar amount of such contracts awarded within each such designation to qualified HUBZone small business concerns, small business concerns owned and controlled by women, small business concerns owned and controlled by service-disabled veterans, and small business concerns owned and controlled by social and economically disadvantaged individuals.

Mr. Speaker, 99.9 percent of women-owned businesses are small businesses, whereas the majority of male- and female-owned employer businesses have fewer than five employees, more male-owned small businesses employ five or more employees.

Of the 30 million small businesses nationwide, 8 million are owned by minorities.

Between 2007 and 2012 minority owned small businesses increased in volume by around 38 percent.

Small businesses "are the engines of job creation in the United States."

Small businesses contribute to growth and vitality in many important areas of economic and socioeconomic development.

Small businesses create jobs and job opportunities, spark innovation, and provide opportunities for women and minorities to achieve financial success and independence.

For these reasons, I ask my colleagues to join me in supporting H.R. 226.

The SPEAKER pro tempore. The question is on the motion offered by the gentlewoman from New York (Ms. VELÁZQUEZ) that the House suspend the rules and pass the bill, H.R. 226.

The question was taken.

The SPEAKER pro tempore. In the opinion of the Chair, two-thirds being in the affirmative, the yeas have it.

Ms. VELÁZQUEZ. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX, further proceedings on this motion will be postponed.

#### INCENTIVIZING FAIRNESS IN SUBCONTRACTING ACT

Ms. VELÁZQUEZ. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 227) to amend the Small Business Act to specify what credit is given for certain subcontractors and to provide a dispute process for non-payment to subcontractors, and for other purposes.

The Clerk read the title of the bill.

The text of the bill is as follows:

H.R. 227

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

#### SECTION 1. SHORT TITLE.

This Act may be cited as the "Incentivizing Fairness in Subcontracting Act".