

December 1, 2014

The Honorable Samuel Graves
Chairman
Committee on Small Business
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

Administrator Contreras-Sweet has asked me to respond to your recent letter regarding the implementation of Section 1614 of the National Defense Authorization Act (NDAA) of 2014 (P.L. No. 113-66).

Section 1614 provides that large business prime contractors with individual subcontracting plans may count lower tier subcontracts with small businesses towards their subcontracting plan goals. The legislation directed the Administrator of the U.S. Small Business Administration (SBA), the Secretary of the Department of Defense (DoD), and the Administrator of the General Services Administration (GSA) to: 1) submit an implementation plan within 180 days after the date of enactment; and, 2) complete the actions required by the implementation plan within 1 year of the date of enactment. Section 1614 also required the Administrator of SBA and the Federal Acquisition Regulatory (FAR) Council to promulgate necessary regulations within 18 months of the date of enactment.

The SBA is fully committed to increasing opportunities for small business subcontractors and providing greater transparency into the subcontracting process. Since the passing of the law on December 26, 2013, SBA, DoD, and GSA have been working diligently to gather the information and data needed to define the optimum requirements for our systems and regulations in support of implementing Section 1614. Implementing this provision will require changes to Federal acquisition business processes, training of the acquisition workforce, and new information technology infrastructures. Implementation will need to proceed within existing resources and in the context of other legislative or regulatory requirements or initiatives. We are now in the process of drafting regulations to implement Section 1614. The regulations will drive the implementation process as there are a number of policy decisions that need to be made first in order to make changes to the acquisition process and government-wide systems. The rulemaking process, which includes solicitation of industry and public feedback, will play a key part in formulating those policy decisions. The FAR Council will proceed with revising the FAR once SBA has issued a final regulation. Changes to the relevant Federal government-wide systems will follow the FAR revisions.

In the interim, GSA's Integrated Award Environment (IAE) has formed a working group to begin discussion of potential Government-wide systems changes. This will help ensure that existing and future Federal Government-wide system functions, capabilities, and features are considered in the developing policy decisions. The SBA anticipates the estimated timeframe to implement Section 1614 as follows:

- Draft implementing regulations (in-process);
- GSA forms IAE working group (in-process);
- SBA will collaborate with the FAR Council in implementing SBA's regulations (upon initiation of the FAR rule to implement SBA's final rule);
- GSA will conduct an impact assessment on IAE and agency systems (prior to finalization of the FAR rule);
- GSA will confirm needed IAE changes with Federal government stakeholder communities (2-4 months after finalization of the FAR rule); and,
- GSA will implement IAE changes as needed (4-12 months after stakeholder agreement depending on resource availability and scope of changes).

The SBA is working with GSA and DoD to submit a comprehensive plan that includes more details as SBA and the FAR Council work towards implementing regulations.

Thank you for your patience with our progress on this complex effort to improve subcontract reporting. We appreciate the opportunity to keep the members of your Committee and other Congressional staffers informed on our progress regarding implementation of Section 1614 of the NDAA of 2014, and our effort to improve subcontracting reporting. We look forward to working with you and other members of Congress as we move forward with these efforts.

We appreciate your support of SBA and America's small businesses. If you or your staff have additional questions, please contact Daniel Krupnick, SBA Deputy Assistant Administrator for Congressional and Legislative Affairs, at (202) 205-6806.

Sincerely,

A. John Shoraka
Associate Administrator
Office of Government Contracting and Business Development