



July 13, 2018

The Honorable Ben Cardin
Ranking Member
United States Senate
Committee on Small Business & Entrepreneurship
509 Hart Senate Office Building
Washington, DC 20510

The Honorable Mike Enzi
Chairman
United States Senate
Committee on the Budget
379A Russell Senate Office Building
Washington, DC 20510

Dear Senators Cardin and Enzi:

On behalf of the National Small Business Association (NSBA), I am pleased to support S. 2893, which would provide for prompt payments to small-business contractors. Representing more than 65,000 small-business owners across the nation, NSBA is the nation's oldest nonpartisan small business advocacy organization and we greatly appreciate your leadership on such an important issue for small business primes and subcontractors.

Small businesses infuse the federal procurement system with much-needed competition, expertise, and innovation while providing high-quality goods and services to the federal marketplace. S. 2893 would direct the Department of Defense to pay small-business prime contractors, and large prime contractors who work with small-business subcontractors, within a goal of 15 days of receiving an invoice. This legislation will begin to align the federal contracting system with private-sector payment standards by ensuring timely payments are made to the country's small-business contractors. Small businesses rely on a predictable and steady cash flow to finance their operations, thus, paying these suppliers in a timely manner will enable them to access working capital at lower costs and allow for increased opportunities for business growth and job creation.

In NSBA's [2016 Year-End Economic Report](#), nearly one-third of small-business respondents said they are currently engaged in the federal marketplace. Just under half of these respondents noted it takes on average, more than 30 days to receive payment from federal agencies, while 56 percent said it takes more than 30 days to receive compensation from prime contractors. By delaying payment, these small contractors often need to postpone other investments, projects, and business opportunities while they wait for the capital owed to them by the government and their primes. The perception of a lengthy payment schedule may also discourage potential innovative small businesses looking to enter the federal marketplace, which could negatively impact competition and drive up prices.

A similar bill, H.R. 5337 has been introduced in the House by Rep. Steve Knight, and comparable language exists in the House version of the *John S. McCain National Defense*

Authorization Act for Fiscal Year 2019 (H.R. 5515). NSBA is hopeful that similar legislative language will be included in the final version of the FY19 NDAA.

NSBA believes that small businesses drive innovation and job creation across the country when given the opportunity to truly compete and thrive. While NSBA would prefer for this legislation to mandate prompt payment instead of making it a goal, we still view it as an important first step for those small-business contractors working with the Defense Department. Small businesses deserve their fair share, and prompt payment of federal contracting dollars and the opportunity to compete on a level playing field.

Thank you both for your leadership on this issue, and I look forward to working with you to bring this legislation to the Senate floor for consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "Todd McCracken". The signature is stylized with a large, sweeping initial "T" and "M".

Todd McCracken
President & CEO