



RIN 3245-AI09

Re: Support for the Proposed Rule: “Government Contracting: Subcontracting Program”

The National Small Business Association (NSBA) is writing to express our support for the proposed rule “Government Contracting: Subcontracting Program” (“Proposed Rule”). NSBA is the nation’s first small business advocacy organization representing the 70 million owners and employees that make up American small business, championing efforts that foster the growth, strength, and impact of small businesses. As small business champions we support the efforts of the Small Business Administration (SBA) “to encourage faster payments to small business subcontractors and streamline the reporting process for prime contracts.”¹

NSBA prioritizes policies that encourage robust small business participation in the federal marketplace, a priority that is well-served by this Proposed Rule. Robust small business participation necessarily includes timely payments to small business subcontractors from prime contractors and holding prime contractors accountable when they fail to make timely payments. For most small businesses, who inherently possess less operating capital to function, timely payments are essential to continuous operation and contractual fulfillment. By requiring prime contractors to notify a contracting officer in writing when they fail to make full or timely payments to a subcontractor within 30 days past the payment due date, the Proposed Rule takes a critical step in the right direction, in turn creating an environment of accountability that benefits small business subcontractors.

Additionally, by requiring prime contractors to work with contracting officers until subcontractors receive full payment, the Proposed Rule ensures proper oversight over the payment process. Furthermore, it incentivizes timely payments from prime contractors by incorporating subcontractor payment issues into prime contractor past performance evaluations.

NSBA also applauds SBA for the Proposed Rule’s provisions that clarify how subcontracting goals should be reported and provide greater flexibility in the Summary Subcontract Report (SSR) process. Finally, we support increased use and awareness of the SBA’s Dynamic Small Business Search (DSBS) tool, which we hope will lead to increased small business participation in the federal marketplace.

¹ Small Business Administration, Proposed Rule on Government Contracting: Subcontracting Program, 89 Fed. Reg. 103709 (proposed Dec. 19, 2024) (to be codified at 13 C.F.R. pt. 125).



In short, NSBA believes that, if successfully implemented, the Proposed Rule will afford small business subcontractors the appropriate treatment they deserve and better facilitate their participation in the federal marketplace.

Thank you for allowing us the opportunity to comment on this Proposed Rule. Please do not hesitate to reach out to rgrey@nsbaadvocate.org if you have any questions.

Sincerely,

Rachel C. Grey

Director of Research & Regulatory Policy, NSBA